

COMPANY REGISTRATION NUMBER: 10184775

Encompass LATC Ltd
Financial Statements
31 March 2018

DRAFT ACCOUNTS

TURPIN BARKER ARMSTRONG
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Encompass LATC Ltd**Financial Statements****Year ended 31 March 2018**

Contents	Page
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the members	4
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	11
Notes to the financial statements	12
The following pages do not form part of the financial statements	
Detailed income statement	21
Notes to the detailed income statement	22

Encompass LATC Ltd**Officers and Professional Advisers****The board of directors**

S J Latham
M Mackie
R C Mills
L S Thomas
F Kemp
N K B Ireland

Registered office

1st Floor Sutton Gate
1 Carshalton Road
Sutton
Surrey
England
SM1 4LE

Auditor

Turpin Barker Armstrong
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Encompass LATC Ltd**Directors' Report****Year ended 31 March 2018**

The directors present their report and the financial statements of the company for the year ended 31 March 2018.

Directors

The directors who served the company during the year were as follows:

S J Latham	
M Mackie	
N K B Ireland	
R C Mills	(Appointed 14 June 2017)
L S Thomas	(Appointed 14 June 2017)
F Kemp	(Appointed 14 June 2017)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

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

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Encompass LATC Ltd

Directors' Report *(continued)*

Year ended 31 March 2018

This report was approved by the board of directors on and signed on behalf of the board by:

S J Latham
Director

L S Thomas
Director

Registered office:
1st Floor Sutton Gate
1 Carshalton Road
Sutton
Surrey
England
SM1 4LE

Encompass LATC Ltd**Independent Auditor's Report to the Members of Encompass LATC Ltd****Year ended 31 March 2018****Opinion**

We have audited the financial statements of Encompass LATC Ltd (the 'company') for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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

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

Encompass LATC Ltd**Independent Auditor's Report to the Members of Encompass LATC Ltd** *(continued)***Year ended 31 March 2018****Emphasis of matter**

Without qualifying or amending our opinion, we draw attention to the pension fund deficit shown on the statement of financial position and in note 10 to the financial statements. This deficit is the cause of the company being in an overall net liabilities position at 31st March 2018. The company has received assurances from Sutton Council (the ultimate controlling party) that it intends to support the company for at least twelve months from the date of signing of these financial statements.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 year 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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.

Encompass LATC Ltd**Independent Auditor's Report to the Members of Encompass LATC Ltd *(continued)*****Year ended 31 March 2018****Responsibilities of directors**

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 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude 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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Encompass LATC Ltd**Independent Auditor's Report to the Members of Encompass LATC Ltd** *(continued)***Year ended 31 March 2018**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Martin Armstrong FCCA FABRP FIPA MBA FNARA (Senior Statutory Auditor)

For and on behalf of
Turpin Barker Armstrong
Chartered Certified Accountants & statutory auditor
Allen House
1 Westmead Road
Sutton
Surrey
SM1 4LA

Encompass LATC Ltd
Statement of Comprehensive Income
Year ended 31 March 2018

	Note	Year to 31 Mar 18 £	(Restated) Period from 17 May 16 to 31 Mar 17 £
Turnover		3,317,410	2,199,302
Cost of sales		<u>48,327</u>	<u>7,725</u>
Gross profit		3,269,083	2,191,577
Administrative expenses		2,787,745	1,681,615
Other operating income		<u>89,688</u>	<u>–</u>
Operating profit		571,026	509,962
Other interest receivable and similar income		6,291	342
Interest payable and similar expenses		<u>494,561</u>	<u>293,000</u>
Profit before taxation	6	82,756	217,304
Tax on profit		<u>48,210</u>	<u>55,436</u>
Profit for the financial year		<u>34,546</u>	<u>161,868</u>
Remeasurement of the net defined benefit plan		285,000	(2,193,000)
Total comprehensive income for the year		<u>319,546</u>	<u>(2,031,132)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 19 form part of these financial statements.

Encompass LATC Ltd
Statement of Financial Position
31 March 2018

	Note	2018 £	<i>(Restated)</i> 2017 £
Fixed assets			
Tangible assets	7	56,937	4,125
Current assets			
Stocks		–	2,710
Debtors	8	241,059	1,482
Cash at bank and in hand		<u>2,616,604</u>	<u>2,591,525</u>
		2,857,663	2,595,717
Creditors	9	<u>2,431,185</u>	<u>2,373,973</u>
Net current assets		<u>426,478</u>	<u>221,744</u>
Total assets less current liabilities		<u>483,415</u>	<u>225,869</u>
Net assets excluding defined benefit pension plan liability		483,415	225,869
Defined benefit pension plan liability	10	<u>(2,195,000)</u>	<u>(2,257,000)</u>
Net liabilities including defined benefit pension plan liability		<u>(1,711,585)</u>	<u>(2,031,131)</u>

The statement of financial position
continues on the following page.

The notes on pages 12 to 19 form part of these financial statements.

Encompass LATC Ltd

Statement of Financial Position *(continued)*

31 March 2018

	Note	2018 £	2017 £
Capital and reserves			
Called up share capital		1	1
Profit and loss account	11	(1,711,586)	(2,031,132)
Shareholders deficit		<u>(1,711,585)</u>	<u>(2,031,131)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on, and are signed on behalf of the board by:

S J Latham
Director

L S Thomas
Director

Company registration number: 10184775

The notes on pages 12 to 19 form part of these financial statements.

Encompass LATC Ltd
Statement of Changes in Equity
Year ended 31 March 2018

		Called up share capital £	Profit and loss account £	Total £
At 17 May 2016		–	–	–
Profit for the year			161,868	161,868
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	10	–	(2,193,000)	(2,193,000)
Total comprehensive income for the year		–	(2,031,132)	(2,031,132)
Issue of shares		1	–	1
Total investments by and distributions to owners		1	–	1
At 31 March 2017 (as previously reported)		1	225,868	225,869
Prior period adjustments		–	(2,257,000)	(2,257,000)
At 31 March 2017 (restated)		<u>1</u>	<u>(2,031,132)</u>	<u>(2,031,131)</u>
Profit for the year			34,546	34,546
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	10	–	285,000	285,000
Total comprehensive income for the year		–	319,546	319,546
At 31 March 2018		<u>1</u>	<u>(1,711,586)</u>	<u>(1,711,585)</u>

The notes on pages 12 to 19 form part of these financial statements.

Encompass LATC Ltd**Notes to the Financial Statements****Year ended 31 March 2018****1. General information**

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 1st Floor Sutton Gate, 1 Carshalton Road, Sutton, Surrey, SM1 4LE, England.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies**Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Prior year adjustment

The accounts have been restated to reflect a deficit on the company's defined benefit pension scheme liability which was omitted in error from the previous year's financial statements.

Going concern

The net liability reported in the Statement of Financial Position has arisen due to the pension deficit, which is not expected to unwind for a number of years. The directors therefore have no reason to believe that the company would not be able to meet its liabilities over the next 12 months and have prepared the accounts on the going concern basis.

Judgements 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. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Encompass LATC Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	25% straight line
Motor vehicles	-	25% straight line
Equipment	-	25% straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Encompass LATC Ltd**Notes to the Financial Statements** *(continued)***Year ended 31 March 2018****3. Accounting policies** *(continued)***Impairment of fixed assets** *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Encompass LATC Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined benefit plans

The company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Auditor's remuneration

	Year to 31 Mar 18	Period from 17 May 16 to 31 Mar 17
	£	£
Fees payable for the audit of the financial statements	11,000	4,250

5. Employee numbers

The average number of persons employed by the company during the year amounted to 75 (2017: 45).

Encompass LATC Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

6. Profit before taxation

Profit before taxation is stated after charging:

	Year to 31 Mar 18	Period from 17 May 16 to 31 Mar 17
	£	£
Depreciation of tangible assets	<u>18,978</u>	<u>1,375</u>

7. Tangible assets

	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost				
At 1 April 2017	–	5,500	–	5,500
Additions	60,033	–	11,757	71,790
At 31 March 2018	<u>60,033</u>	<u>5,500</u>	<u>11,757</u>	<u>77,290</u>
Depreciation				
At 1 April 2017	–	1,375	–	1,375
Charge for the year	15,008	1,031	2,939	18,978
At 31 March 2018	<u>15,008</u>	<u>2,406</u>	<u>2,939</u>	<u>20,353</u>
Carrying amount				
At 31 March 2018	<u>45,025</u>	<u>3,094</u>	<u>8,818</u>	<u>56,937</u>
At 31 March 2017	<u>–</u>	<u>4,125</u>	<u>–</u>	<u>4,125</u>

8. Debtors

	2018	2017
	£	£
Trade debtors	123,269	95
Other debtors	117,790	1,387
	<u>241,059</u>	<u>1,482</u>

9. Creditors

	2018	2017
	£	£
Trade creditors	49,536	269,395
Corporation tax	48,210	55,436
Social security and other taxes	49,960	195,931
FAS clients	2,146,641	1,710,323
Other creditors	136,838	142,888
	<u>2,431,185</u>	<u>2,373,973</u>

Encompass LATC Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

10. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £23,826 (2017: £Nil).

Defined benefit plans

The company is an admitted member of the London Borough of Sutton Local Government Pension Scheme (the LGPS). A full actuarial valuation was undertaken as at 1st July 2016.

The statement of financial position net defined benefit liability is determined as follows:

	2018	2017
	£	£
Present value of defined benefit obligations	(5,812,000)	(5,595,000)
Fair value of plan assets	3,617,000	3,338,000
	<u>(2,195,000)</u>	<u>(2,257,000)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2018
	£
At 1 April 2017	5,595,000
Current service cost	464,000
Interest expense	155,000
Contributions by plan participants	77,000
Gains and losses on settlements and curtailments	(298,000)
Estimated benefits paid net of transfers in	(181,000)
At 31 March 2018	<u>5,812,000</u>

Changes in the fair value of plan assets are as follows:

	2018
	£
At 1 April 2017	3,338,000
Interest income	96,000
Benefits paid	(181,000)
Contributions by employer	302,000
Contributions by plan participants	77,000
Return on assets less interest	(13,000)
Administration expenses	(2,000)
At 31 March 2018	<u>3,617,000</u>

Encompass LATC Ltd

Notes to the Financial Statements *(continued)*

Year ended 31 March 2018

10. Employee benefits *(continued)*

The total costs for the year in relation to defined benefit plans are as follows:

	2018	2017
	£	£
Recognised in profit or loss:		
Current service cost	464,000	263,000
Net interest expense	59,000	28,000
Administration expenses	2,000	2,000
	<u>525,000</u>	<u>293,000</u>
Recognised in other comprehensive income:		
Change in financial assumptions	298,000	(1,188,000)
Remeasurement of the liability:		
Return on plan assets, excluding amounts included in net interest	(13,000)	245,000
	<u>285,000</u>	<u>(943,000)</u>

The fair value of the major categories of plan assets are as follows:

	2018	2017
	£	£
Equity instruments	2,325,000	2,147,000
Property	282,000	418,000
Cash and cash equivalents	66,000	477,000
Gilts	423,000	207,000
Other bonds	521,000	89,000
	<u>3,617,000</u>	<u>3,338,000</u>

The return on plan assets are as follows:

	2018	2017
	£	£
Return on assets of benefit plan	<u>(13,000)</u>	<u>245,000</u>

The principal actuarial assumptions as at the statement of financial position date were:

	2018	2017
	%	%
Discount rate	2.60	2.80
Expected rate of salary increase	3.80	4.20
Expected rate of increase in pensions	2.30	2.70
Mortality rates:		
Current pensioners at 65 - male	80.00	80.00
Current pensioners at 65 - female	<u>85.00</u>	<u>85.00</u>

11. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Encompass LATC Ltd**Notes to the Financial Statements** *(continued)***Year ended 31 March 2018****12. Direct payment scheme and fas**

Direct payments are a cash payment in lieu of services and is a government initiative designed to empower individuals by giving them choice and control over the services they use in order to meet their social care needs.

FAS supports clients who do not wish to manage their money directly by holding it on their behalf. Each person has their own account on the company's finance system. The client instructs FAS on which suppliers to pay and so has full control of their direct payments or personal budget.

The company has no beneficial interest in the income or expenditure of the clients apart from a contractual fee received to operate the service. This contract income is included in the incoming resources of the company in the Income Statement.

At the period ended 31 March 2018, the FAS client account balances amounted to £2,146,641. This is included in the total cash at bank of £2,616,604 on the Statement of Financial Position with an equal amount recognised as liabilities within creditors.

13. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£	£
Not later than 1 year	580	581
Later than 1 year and not later than 5 years	1,017	1,646
	<u>1,597</u>	<u>2,227</u>

Encompass LATC Ltd
Management Information
Year ended 31 March 2018

The following pages do not form part of the financial statements.

Encompass LATC Ltd
Detailed Income Statement
Year ended 31 March 2018

	Year to 31 Mar 18 £	Period from 17 May 16 to 31 Mar 17 £
Turnover		
Sales	3,317,410	2,199,302
Cost of sales		
Purchases	48,327	10,435
Closing stock - resale	—	2,710
	<u>48,327</u>	<u>7,725</u>
Gross profit	<u>3,269,083</u>	<u>2,191,577</u>
Overheads		
Administrative expenses	2,787,745	1,681,615
Other operating income	89,688	—
Operating profit	<u>571,026</u>	<u>509,962</u>
Other interest receivable and similar income	6,291	342
Interest payable and similar expenses	(494,561)	(293,000)
Profit before taxation	<u><u>82,756</u></u>	<u><u>217,304</u></u>

Encompass LATC Ltd

Notes to the Detailed Income Statement

Year ended 31 March 2018

	Year to 31 Mar 18 £	Period from 17 May 16 to 31 Mar 17 £
Administrative expenses		
Administrative staff salaries	1,769,653	894,046
Agency staff	585,214	456,345
Recruitment	7,777	3,513
Staff Training	7,873	1,476
Employers national insurance contributions	166,870	86,864
Staff pension contributions - defined contribution	23,826	–
Accommodation costs	75,000	56,250
Rates and water	770	–
Light and heat	25,786	–
Insurance	(13,059)	16,500
Repairs and maintenance (allowable)	5,572	–
Software & IT	45,999	55,200
DBS Costs	8,692	–
Other establishment expenses	(1,476)	21,000
Motor expenses	515	117
Travel and subsistence	11,218	–
Office Equipment- Rental	5,188	–
Telephone	4,270	30
Printing postage and stationery	4,030	11
Other staff related expenses	12,682	–
Sundry expenses	9,675	6,211
Subscriptions	649	–
General expenses (allowable)	–	263
Advertising	18,000	2,755
Entertaining	791	–
Legal and professional fees (allowable)	10,897	11,250
Consultancy fees	–	25,809
Procurement Services	(5,625)	5,625
Accountancy fees	(18,850)	24,300
Auditors remuneration	3,500	11,750
Depreciation of tangible assets	18,978	1,375
Bad debts written off	969	618
Card Transaction Commission	337	–
Bank charges	2,024	307
	<u>2,787,745</u>	<u>1,681,615</u>
Other operating income		
Other operating income	<u>89,688</u>	<u>–</u>
Other interest receivable and similar income		
Interest on cash and cash equivalents	<u>6,291</u>	<u>342</u>
Interest payable and similar expenses		
Net finance costs in respect of defined benefit pension plans	<u>494,561</u>	<u>293,000</u>