

**Care South**  
**(Company limited by guarantee)**  
**Annual Report and Financial Statements**  
**for the year ended 31 March 2021**

**Company Number: 02565033**

**Charity Number: 1014697**

# Care South

## Annual report for the year ended 31 March 2021

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## Legal and administrative information

### Directors

Mrs Felicity Irwin DL +\*# ^\$  
**Chairman** (Retired 22 July 2020)

Mrs Jane Stichbury CBE QPM DL +\*# ^\$  
**Chairman** (from 22 July 2020)

Mr Christopher Kean FCA +\*# ^  
**Vice Chairman**

Mrs Lindsay Ann Ansell \$

Mr Paul Causton BA (Hons) MA Solicitor  
CTA \$

Dr Richard Day FRCP FRCP(ED) +\$

Mr Richard Dyson #^

Mr Richard Groom MBE FCIB +^

Mr Charles Hunter FRICS +#\$

Mr Geoffrey Warde MBE \*^

+ Member of the Audit Committee

\* Member of the Remuneration  
Committee

# Member of the Property and  
Development Committee

^ Member of the Finance Committee

\$ Member of the Care Governance  
Committee

### Solicitors

Lester Aldridge LLP  
Russell House  
Oxford Road  
Bournemouth BH8 8EX

### Executive Team

Simon Bird MRICS  
Chief Executive

Nicholas Fry BA (Hons) MRICS  
Property Director

Simon Jenner BA (Hons) FCA  
Finance Director & Deputy Chief Executive

Martin Ross  
Director of Care at Home

Margaret Searle MCIPD  
Director of Human Resources and Training

Aaron Whitehead  
Director of Residential Care

Penelope Sargeant ACIS  
Company Secretary  
(Resigned 31 July 2021)

### Registered Office

39 Commercial Road  
Poole BH14 0HU

### Independent Auditors

Francis Clark LLP  
Towngate House  
2-8 Parkstone Road  
Poole BH15 2PW

### Bankers

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh EH2 2YB

## Directors' report For the year ended 31 March 2021

The Directors, who are also the Charity's trustees under Charities Law, are pleased to present their report and audited consolidated financial statements for Care South for the year ended 31 March 2021. The Directors' report includes all the information that is required to be included in a trustees' annual report required by the Charities SORP (FRS102).

### Principal activities and future developments

Care South (the 'Company') is an independent Company limited by guarantee. It is a not-for-profit organisation and a registered charity governed by its Memorandum and Articles of Association. The main activities and objectives of the Charitable Company are to provide residential care facilities and other community care services in the south of England. The charity registration number is 1014697 and the Company registration number is 2565033.

The Group includes the subsidiary companies Beauchamp House Nursing Home Limited and Two Rivers Investments Limited.

Beauchamp House Nursing Home Limited operated a nursing home and close care accommodation in Somerset. It traded as a subsidiary and gift aided its profits to Care South. The subsidiary has traded profitably during the year.

Two Rivers Investments Limited operated a nursing home and a residential care home, both in North Devon. It traded as a subsidiary and gift aided its profits to Care South. The subsidiary has traded profitably during the year.

On 31 March 2021, Care South purchased the assets and trade of both subsidiary companies, with all trade relating to the nursing homes, residential care home and close care accommodation being transacted within the parent company from 1 April 2021. This streamlines and simplifies the operations of the Group.

The consolidated financial statements for 2020-21 represent the results of the Group for the 12 months to 31 March 2021. The principal source of income for the Group is the fees it charges for care services. The beneficiaries of the work of the Group are individuals who are in need of residential or nursing care, rehabilitation, or services from care at home. The Group has contractual arrangements with individuals, local authorities and clinical commissioning groups (CCGs).

The Group responds to the needs of its users by working in partnership with local authorities and CCGs to develop and provide a range of quality care services in response to the anticipated need of the population. Care South also conducts customer service surveys amongst its residents, care at home clients, relatives, health and social care professionals, and the results of these influence the development of the Group.

The Group expects these principal activities to continue and further information on future developments is included in the Strategic report.

### Investment policy

The Board reviews its investment policy annually. The current policy is to invest funds in a combination of bank deposit accounts and managed investment portfolios. Bank deposits are to be held in instant access accounts, or for fixed terms of six months or less. It is the Board's policy that no more than one third of cash balances will be deposited with any one of the following major banks at any one time: Barclays Bank plc, The Royal Bank of Scotland plc, HSBC plc, NatWest Bank plc and Lloyds Bank plc. It is also current policy that a minimum of £3.0m will be held in bank deposit accounts at any given time.

## Directors' report for the year ended 31 March 2021 (continued)

Following a strategic review of investment policy, the Board decided to place a proportion of funds into a balanced medium risk investment portfolio, managed by an external investment manager, in order to generate a better rate of return on liquid assets. A sum of £3,000,000 was transferred into the portfolio during the 2018-19 financial year. No further funds were added into the portfolio during the 2020-21 financial year. Post year-end, a further £3,000,000 has been invested in the portfolio.

### Policy on reserves

The Board considers annually the appropriate level of reserves to be held considering the requirements of the Group, in conjunction with the guidance issued by the Charity Commission. In determining a Reserves Policy, the Board have identified the following core objectives:

- The creation of a strong balance sheet position to support the development of the Charity and services, along with the improvement of the existing property portfolio and the construction or purchase of further residential care homes.
- The establishment of sufficient reserves to ensure that the Group has appropriate liquidity to build resilience against short term or sudden fluctuations in income or cost levels and can ensure that commitments to providing services to our clients can be made with confidence.

Taking into consideration these core objectives, Board policy is to target a level of reserves sufficient to fund the fixed asset base held for use within the Group, to the extent that those assets are not funded by bank loans. Additionally, it is Board policy to hold further reserves sufficient to cover between 4 and 6 months of underlying operating expenditure. As at 31 March 2021, this represents a reserves target of between £47.8m and £54.4m, while the actual level of unrestricted reserves held is £56.4m.

Following the strong operating performance seen during 2020-21, the current level of reserves are therefore slightly in excess the targeted range. It is however envisaged that this will be a short term position and that the reserves level will return to the targeted range, as refurbishment and development projects that have been delayed or postponed due to the Covid-19 pandemic are taken forward.

### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are listed on page 1. None of the Directors had a material interest in any contract to which the Company was a party during the year.

The Board ensures that its governance is appropriate and effective by appointing Directors who come from a broad base of experience with diverse skills and who are conversant with the regulatory requirements of Corporate Governance.

Five Committees report to the Board - Audit, Remuneration, Property and Development, Finance and Care Governance.

The Board seeks to ensure that:

- the Board is represented across the area of its business; and
- collectively the Board has particular expertise, with business and community experience relevant to the Charity and its aims.

## Directors' report for the year ended 31 March 2021 (continued)

New Directors are appointed by recommendation from Directors or outside stakeholders taking account of the skills and knowledge required, and appropriate to the diversity of the Group.

New Directors are interviewed by the Chairman and one other Director prior to appointment by the Board. Every new Director has an induction. New Directors are encouraged to sit on one of the five Committees and take an active interest in the affairs of the Group which includes visiting the homes and home care offices.

Mrs Tiggy Ansell, Mr Richard Day and Mr Richard Dyson are due to retire by rotation at the forthcoming Annual General Meeting. They are eligible to stand for re-election for a further three years.

Directors are not offered any remuneration but may be paid all reasonable travelling, hotel and other expenses incurred.

Directors' Indemnity Insurance, provided by a third party, is in place to protect the Directors and Officers in respect of negligence, default, breach of duty, or breach of trust of which they may be guilty in relation to their roles as Directors. The cost of the insurance for the year was £2,400 (2020: £2,325).

### Decision making in the Group

The Directors delegate day to day running of the Group to the Executive Team. Each member of the Executive Team attends and submits a written report at the Board Meetings. The Board approves annual operating budgets, staff budgets and capital expenditure budgets, and reports are submitted to Board members updating progress against the budgets at each of their meetings.

### Employees

The Group gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Employees of the Group who become disabled during their employment are given appropriate training wherever possible. Disabled employees are given the same opportunities for career advancement as any other employee.

The Group recognises the importance of good communication and relations with employees and values their contribution to the Group.

### Staff Association

All employed staff are members of Care South's Staff Association. The Association meets at least twice a year and is an effective and constructive means of encouraging open communication and discussion, and the sharing of ideas and opinions amongst staff. Financial and economic factors that affect the performance of the Group are regularly reviewed and discussed. Staff consultation is the normal way of developing and achieving the Group's objectives.

Care South's Staff Association has the aims of:

- enabling all staff to put forward and develop constructive proposals and ideas;
- allowing consultation to take place through elected representatives on matters of general importance and concern including Health and Safety matters; and
- involving staff in the aims of the Group, thus increasing effectiveness, job satisfaction and engagement.

## Directors' report for the year ended 31 March 2021 (continued)

### Employee benefits

The Company enrolls all qualifying staff into a defined benefit pension scheme operated by The Pensions Trust. A small number of staff were previously enrolled in a stakeholder pension scheme operated by Standard Life plc. As a qualifying scheme under pension auto-enrolment legislation, this scheme remains active for a small number of existing members.

### Financial risk management – bank loans

The Group has in place a risk management programme that seeks to limit the adverse effects of debt service costs on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

The Directors take overall responsibility for monitoring financial risk. The policies set by the Board of Directors are implemented by the Finance Director.

In order to ensure stability of cash out flows and manage interest rate risk, the Board reviews what is in the best interests of the Group on each occasion that it enters into a loan agreement.

To date, the Group has entered into eight main loan agreements at a mixture of fixed and floating rates.

### Financial risk management – credit risk

The Group credit risk is spread between both private individuals and local authority clients. The highest level of credit risk occurs when residents are moving between private and local authority funding. This can lead to uncertainty as to who is responsible for payment of fees and delays in payments being received, while the issues of funding responsibility are resolved. Therefore, while local authority funded residents are in principle a low credit risk, it is necessary to ensure that contract documentation is robustly managed to mitigate this risk. In respect of privately funded residential clients the Group takes appropriate steps to establish the credit worthiness of customers prior to admission, and they pay a deposit of one month's fees.

### Financial risk management – price risk

The Group financial performance is exposed to the impact of inflation on both staff and non-staff costs. In order to ensure that increasing costs can be recovered, terms and conditions for private clients allow the pricing of services to be reviewed each year. Contracts with local authorities are considered on a case-by-case basis and reviewed to ensure they are financially sustainable for the Group.

### Financial risk management – liquidity and cash flow risk

It is Group policy to maintain a sufficient cash balance at all times in order to ensure liquidity. Investment and expenditure plans are considered prudently in line with the availability of funds.

### Relationships with related parties

The Group has two trading subsidiaries, Beauchamp House Nursing Home Limited and Two Rivers Investments Limited, and three dormant subsidiaries, which have not traded during the financial year. On 31 March 2021, the assets and trade of the two trading subsidiaries were purchased by Care South. All trading activity from 1 April 2021 is now conducted within the Care South entity. Post year-end the three dormant subsidiaries have been struck off.

## Directors' report for the year ended 31 March 2021 (continued)

### Charitable and taxation status

The Charity Commissioner granted charitable status to the Company on 12 October 1992. Charitable activities are exempt from tax under section 505 of the Income and Corporation Taxes Act ("ICTA") 1988, and accordingly no corporation tax has been provided for in these financial statements. Profits from its subsidiaries – Beauchamp House Nursing Home Limited and Two Rivers Investments Limited – are gift aided to Care South.

The Group does not engage in fundraising to meet its charitable objectives.

### Carbon Energy Reporting

The table below outlines the energy use by the Group during the 2020-21 financial year.

<b>Carbon Energy Reporting 2020-21</b>		<b>Units 2020-21</b>	<b>Units 2019-20</b>
UK Energy Use (KWh)	Electricity	3,116,521	3,232,547
	Gas	10,620,845	10,514,974
	Transport	928,338	1,098,593
	<b>Total</b>	<b>14,665,705</b>	<b>14,846,114</b>
Associated Greenhouse Gases Tonnes CO <sub>2</sub> e	Electricity	727	754
	Gas	1,953	1,933
	Transport	254	301
	<b>Total</b>	<b>2,934</b>	<b>2,988</b>
Intensity Ratio 1 - Tonnes CO <sub>2</sub> e per FTE Staff member	Electricity	0.64	0.67
	Gas	1.73	1.73
	Transport	0.23	0.27
	<b>Total</b>	<b>2.60</b>	<b>2.67</b>
Intensity Ratio 2 - Tonnes CO <sub>2</sub> e per Million £ Income	Electricity	15.22	16.47
	Gas	40.90	42.26
	Transport	5.33	6.58
	<b>Total</b>	<b>61.44</b>	<b>65.31</b>

### *Energy Efficiency Measures Undertaken During the Year*

During 2020-21, the Group saw a reduction in energy usage from electricity and transport, along with a small increase in the use of gas. The increase in the use of gas was due to the conversion of the last heating oil boilers within the Group to run on gas during 2019-20. Therefore while gas consumption increased slightly during the year, this was more than offset by the reduced use of heating oil, which is not captured within this data. All energy intensity ratios demonstrated improvement during the year, with the exception of gas usage per FTE staff member, which remained the same, due to the switch from heating oil outlined above.

The majority of energy usage in relation to transport comes from our care at home staff travelling between clients to deliver care in peoples home. This activity continued as normal during the year, however a reduction in other staff travel and in transport of care home residents out on activities saw some notable reduction, due to the Covid-19 restrictions in place during the year.

## Directors' report for the year ended 31 March 2021 (continued)

Due to Covid-19 restrictions within our care homes, planned work to replace old, inefficient boilers and upgrade lighting systems with LED in 2020-21 was not possible. However the installation of modern heating controls at Castle Dene and Dorset House was completed, which should have long term benefits for energy efficiency.

Budgetary provision has been made in 2021-22 for LED lighting upgrades in three of our care homes and replacement boilers at Kenwith Castle. The boilers at Kenwith Castle will be replaced with A rated condensing boilers which have modulating gas premix burners that automatically adapt to the current heat demand, enabling the heating system to work extremely efficiently even under partial load.

### *Methodologies Used in Calculating these Disclosures*

Usage of electricity and gas has been provided by our energy broker from meter data. The energy usage for electricity and gas for 2019-20 has been updated from the figures reported last year to correct some small identified anomalies.

Conversion from kWh to CO2 has been made using the UK Government GHC conversion factors for company reporting. Energy usage for transport has been derived from mileage data taken from employee expense claims and from MOT mileage data for company owned vans and minibuses. Conversion of mileage into kWh and CO2 equivalents has followed the same government reporting guidelines.

### **Covid-19**

Our 2020-21 financial year commenced shortly after the start of the first national lockdown. As a provider of residential care and care at home care services to extremely vulnerable groups of people, Care South has been at the forefront of the need to support our residents, clients and staff, safely, responsibly and compassionately through the pandemic. We have been determined from the outset to take all necessary actions to ensure the safety and wellbeing of our residents, our home care clients and our staff. Throughout the year, Care South has closely monitored and implemented government guidance in relation to infection control measures, staff, resident and visitor testing and vaccination programmes.

During the pandemic, our primary focus has been in keeping all of our residents and clients safe, well-fed and entertained, and our staff well-equipped and protected so that they can continue to observe the very highest standards of care, cleanliness and infection control throughout our care homes and offices. Very sadly, a number of our residents passed away in this period, some having tested positive for Covid-19.

The greatest financial impact from the pandemic has been the reduction in occupancy levels, where for significant periods during the year, enquiry and new admission rates were very low, following negative publicity for the sector within the national press. Fortunately the Group has been able to mitigate much of the impact with some significant underlying improvements in the efficiency of our staff costs. Agency staff usage was reduced by over 60% during the year, while the benefits from the move to an electronic time and attendance system realised further significant efficiencies.

While the pandemic itself placed some major upwards pressure on staff costs, central government distributed infection control and rapid testing grants to all CQC registered homes across the care sector, which were invaluable to help fund additional costs. The Group deployed additional staff to underpin effective infection control measures, perform Covid-19 testing and support safe visiting, which have been funded by the grants, along with the payment of full wages to staff who were self-isolating in line with government guidance. The Group also made some limited use of

## Directors' report for the year ended 31 March 2021 (continued)

the Coronavirus job retention scheme, to fund the pay of staff who could not work due to shielding requirements.

Post year-end, we have continued to work hard to restore confidence and promote our services. We have subsequently seen enquiry levels return to much more healthy levels. Occupancy levels have been increasing once again and we have seen continued growth in care at home.

While the Covid-19 pandemic has presented many challenges for the Group, both operational and financial, we believe that these issues have been well managed and that the worst is now over. Our services continue to slowly get back to normal, while maintaining all of the enhanced infection control and safety measures that will ensure we keep our residents, care at home clients and our staff safe.

In June 2020 the Charity Commission issued a regulatory alert to large charities with a more complex governance and management structure. Subsequently, Care South was randomly selected by the Charity Commission to carry out a review of its operations, structure and overall governance, its policies and procedures and the impact of Covid-19. The review process was comprehensive and the Charity Commission subsequently confirmed that it had been assured by Care South's responses and overall governance and management.

### Going Concern

Given the past, current and forecast performance of the Group, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. While the Covid-19 pandemic has had a substantial impact on our operations, the need for our care services remains strong. Our business therefore has a sound basis upon which to look to the future with confidence. The Group continues to generate both strong positive cash-flow and profit levels and has done so throughout the period of the pandemic.

Post year-end, the Group has continued to trade profitably and has been seeing increases in occupancy levels, along with continued growth within care at home. Our forecasts and predictions of the Groups performance over the short, medium and long term support the assertion that going concern continues to be the appropriate basis on which to prepare the financial statements.

### 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 year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" 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 the affairs of the Company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principals in the Charities SORP;
- state whether applicable United Kingdom Accounting Standards, including FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;

## Directors' report for the year ended 31 March 2021 (continued)

- 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 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 the Group, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement of disclosure of information to auditors


In the case of each Director in office at the date the Directors' report is approved:

- So far as the Director is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware; and
- They have taken all steps that they ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

### Independent auditors

The independent auditors, PKF Francis Clark, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### By order of the Board



Mrs Jane Stichbury DL  
Chairman  
29 September 2021

## Strategic report for the year ended 31 March 2021

The Directors present their strategic report for the year ended 31 March 2021.

### Financial overview and future developments

Group incoming resources increased by 4.4%, compared with the previous year, to £47.8m (2020: £45.75m). Income from charitable activities declined by £0.1m (0.4%) overall, reflecting lower occupancy levels within residential care and billed hours in care at home, following the impact from the Covid-19 pandemic. This was partially offset by increases in average fee rates. Income from other trading activities declined by £0.1m, reflecting some reduction in occupancy within the homes operated in the Groups subsidiaries.

Other income increased by £2.2m, the majority of this representing infection control and rapid testing grant income received via local authorities from central government. This income was used to help ensure that robust infection control measures have been maintained across all of our homes and that regular Covid-19 testing of our workforce and residents has been performed in line with government guidance. A donation of £250,000 has been left to Sussexdown by the Estate of Wing Commander Neville W. G. Baker, Deceased and this has been added to restricted funds. This is being used for a number of specified purposes that will benefit the current and future residents of the home and for which Care South is most grateful.

The Group total expenditure decreased by 2.2%, reflecting the lower occupancy level within residential care and a reduction in the usage of agency staff. The Group reported a net income before other recognised gains and losses of £7.6m (2020: £4.7m).

After other recognised gains and losses the Group reported a Net Movement in Funds of £8.4m (2020: £4.3m). The surplus for the year has been added to reserves. Group reserves have increased to £56.7m (2020: £48.3m). It is the Board's intention to invest significantly in both new and existing services in the short to medium term. The level of reserves held at the end of the year is slightly in excess of the range outlined within the Groups Reserves Policy, but is expected to fall back in line when the planned investments are taken forward. The Group Balance sheet remains strong, with £21.4m held in cash reserves.

### Purposes and aims

In delivering Care South's purposes and aims, the Directors have considered Charity Commission guidance on public benefit. The Charitable Company has complied with the duty set out in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Commission.

Care South's purpose as set out in the objects contained in the Company's Memorandum of Association is to provide residential care facilities and other community care services in the south of England.

The Directors review the objectives and strategy each year. They have referred to the Charity Commission's general guidance on public benefit when undertaking this review and when planning future activities. The objectives and achievements are considered to incorporate the principal risks and uncertainties of the Group.

Care South's main activities are described in this Strategic report. All its charitable activities focus on the provision of residential care facilities and other community care services and are undertaken to further its charitable purposes for the public benefit.

## Strategic report for the year ended 31 March 2021 (continued)

### Care South's long term strategy

- To deliver quality care services which meet all relevant regulations and are rated at least "Good" by CQC;
- To attract, train, develop and retain engaged staff to deliver quality care services;
- To expand and develop a range of services to meet the needs primarily of older people, but not excluding other age ranges;
- To enhance the property portfolio of the charity to provide security for the future;
- To work with local authorities and other commissioners to meet the future need;
- To remain financially viable and maintain reserves in line with our Reserves Policy; and
- To continue the on-going programme of investment in the existing homes.

### Objectives and achievements for 2020-21

With the onset of the Covid-19 pandemic, the absolute priority for Care South has been to ensure the safety and wellbeing of our residents, clients and staff. We are extremely proud of the extraordinary dedication that our staff have shown in protecting our residents, clients and each other. The priority of the Directors and Executive team has been to ensure that we have supported our extra-ordinary frontline staff in continuing to safely deliver care under particularly challenging circumstances.

The objectives derived from our long-term strategy were reviewed and agreed by the Board in November 2020. The table below outlines our objectives for 2020-21 and our assessment of the achievement and success against each of these objectives.

Objective	Achievement
To deliver quality care services which meet all relevant regulations and are rated at least "Good" by CQC.	The standard of care is continually monitored through internal quality audits and feedback from residents/service users and relatives with constant focus upon delivering quality care. The Care Governance Committee reviews the results of internal audits and CQC inspections as part of the ongoing commitment to deliver quality care. The results of CQC inspections for Care South homes and services can be found at <a href="http://www.cqc.org.uk">www.cqc.org.uk</a> The Covid-19 pandemic impacted the performance of both internal audits and CQC inspections during the year.
To attract, train, develop and retain engaged staff to deliver quality care services.	The Group continues to invest in training and development of staff, although the delivery and prioritisation of training was impacted by the Covid-19 pandemic during the year. Our priority has been focused on delivering all mandatory training to both existing and new staff, while continuing to invest in improving the quality of our approach to recruitment and training.
To expand and develop a range of services to meet the needs primarily of older people, but not excluding other age ranges.	The Group has targeted the expansion and development of the care at home offer and delivered significant rates of growth during the year, in spite of the restrictions and measures necessary to manage the impacts from the Covid-19 pandemic. The Group remains committed to further growth in care at home and in April 2021 acquired new premises in Poundbury, from which a West Dorset office was launched in June 2021.
To enhance the property portfolio of the Charity to provide security for the future.	Expansion and new development took something of a back seat during the year, with the key priority of the Group being to maintain the safety and wellbeing of our existing residents,

	clients and staff. Nevertheless, plans for the development of a site in Poole acquired in September 2019 were taken forward, with detailed plans for planning consent submitted to the local authority. As the worst impacts of the pandemic have passed, the Group have been actively evaluating a number of new site opportunities for further development.
To work with local authorities and other commissioners to meet the future need.	The Executive Team continues to have strategic discussions with local authorities and commissioners. The Group worked closely and flexibly with local authority commissioners during the year to support hospital discharge requirements at various pressure points throughout the year, as the Covid-19 pandemic took hold. This included entering into a number of temporary block book bed arrangements within residential care and increased block work within care at home to support clients being discharged from hospital back into their own homes.
To remain financially viable and hold reserves in line with our reserves policy.	During the year, Group reserves increased by £8.4m, reflecting a strong operating performance from the business. Group unrestricted reserves of £56.4m are slightly in excess the range targeted by the reserves policy, but are expected to return to a level within the targeted range, once projects delayed by the Covid-19 pandemic are taken forward.
To continue the on-going programme of investment in the existing homes.	The Group continues to invest significantly in existing services, to ensure that the environment and facilities in each of our residential homes are maintained in a good state of repair. The Covid-19 pandemic led to significant periods during the year, when contractor visits to our homes were limited to essential works only. However the Group has acted quickly to instigate non-essential improvement works once restrictions were lifted, with appropriate risk assessments in place.

Our objectives for 2021/2022 remain unchanged.

### Review of business and developments during the year

The Consolidated Statement of Financial Activities for the year is set out on page 21. A review of financial performance during the year and the closing financial position is included in the Financial overview and future developments section above.

Since its formation, Care South has built an excellent reputation for the provision of high quality care services – recognising the individual needs of its clients, and the importance of training and development of staff in the delivery of quality care.

In recent years, Care South has expanded its range of care services, operating across the south of England, from Devon to West Sussex, and embarked on a redevelopment programme for the replacement of some homes, to include dedicated dementia facilities.

Care South operates 16 residential care homes, some of which have dedicated dementia units; 3 currently providing nursing care. No home openings or closures took place during the year.

The Group also owns the freeholds of 14 close care houses and apartments at Beauchamp House in Somerset; 11 close care apartments built at Strome Park, Storrington; 18 close care apartments and cottages at St Ives House, Ringwood; 9 apartments at Alexandra House, Parkstone and 31 close care bungalows at Kenwith Castle Gardens, Devon. At all developments, the properties are either sold on a long leasehold basis, or let on short-term tenancy agreements.

## Strategic report for the year ended 31 March 2021 (continued)

The Group owns eight care homes: Talbot View and Wickmeads in Bournemouth, Alexandra House in Poole, St Ives House near Ringwood, Maiden Castle House in Dorchester, Sussexdown in Storrington, West Sussex, Beauchamp House in Hatch Beauchamp, Somerset, and Kenwith Castle near Bideford, North Devon. It also owns the head office facility in Poole, and offices in Dorchester and Bath for organising the delivery of home care.

Care South leases six care homes: two from housing associations, Fairlawn in Ferndown, and Buxton House in Weymouth and one home, Fern Brook Lodge, from an investment fund. Two Rivers Investments Limited leases Fremington Manor near Barnstaple from a private company. The Group also leases premises in Crewkerne for organising the delivery of home care.

Four homes are leased from BCP Council. The Group continues to hold strategic discussions with both BCP Council and Dorset Council with a view to meeting the future needs of the local authority commissioners.

The Group also owns the freehold interest of a site in Poole. Plans for the redevelopment of the site are well underway, with a planning application submitted, and it is anticipated that a new care home will be developed and be ready to welcome its first residents during the 2022-23 financial year.

The Care South Learning & Development team continues to provide an extensive programme of social care training, which includes all mandatory training required by law. In addition, general and management development training opportunities are made available to staff through face to face training, distance learning and e-learning. During the year, the delivery of face to face training was constrained by the restrictions required in response to the Covid-19 pandemic, with e-learning and remote learning being the focus for mandatory training.

### Subsidiary company activities and performance

Beauchamp House Nursing Home Limited continued to operate a nursing home and close care accommodation throughout 2020-21. For the year to 31 March 2021 it reported a pre tax profit of £0.5m (2020: £0.1m).

Two Rivers Investments Limited continued to operate a nursing home, a residential care home and provided services to the residents of close care accommodation throughout 2020-21. For the year to 31 March 2021 it reported a pre tax profit of £1.3m (2020: £1.0m).

On 31 March 2021, the assets and trade of both subsidiaries was purchased by Care South. The purchase price was equal to the net assets of each subsidiary company as at the purchase date. All trade within the services previously operated by the subsidiary companies has been transacted within Care South from 1 April 2021.

The subsidiary companies are therefore no longer trading. By simplifying the trading structure, administrative efficiencies will be realised within the Group.

## Strategic report for the year ended 31 March 2021 (continued)

### Risk management and controls

Care South has a formalised system for identifying risks to which the business may be exposed and ensuring that adequate controls are in place to manage risk. The risk register is reviewed on an ongoing basis, to ensure that actions are always in place to address new and emerging risks. The Board has allocated responsibility to the Executive Team for monitoring and managing these risks and requires regular reporting against the identified risks. The principal risks and uncertainties are identified and recorded in the risk register, along with the related controls and actions. The highest risks identified are shown in the table below:

Risk	Controls / Mitigation
Pandemic or similar e.g. Covid-19 – potentially impacting delivery of care, financial and reputational losses.	Infection control policies and procedures. Ongoing reference to government guidance. Vaccination, testing and harm reduction measures. Clear advice given to staff regarding sickness absence and notification. PPE supplies for minimum 6 months now held. Workplace risk assessments. Ongoing monitoring of impact.
Poor economic climate – due to prevailing economic / political uncertainty / Covid-19 pandemic / Brexit, impacting profitability and ability to grow.	Budgetary Control, flexibility to alter staffing levels, good reserves. Weekly occupancy statistics. Improved marketing. Long-term block purchase contracts. Increased provision of dementia care.
Recruitment difficulties – reflective of the sector challenge of high turnover, small pool of candidates, saturation of adverts, potentially impacting on the delivery of care, cost levels and the ability to achieve growth.	Specialist recruitment team, clear recruitment and advertising plans, spread in methods of attractions, increased investment, competitive packages offered to staff.
Defects with new property developments and refurbishments, due to inadequate supervision and scrutiny during build contracts and architectural design defects, leading to additional costs and impact on occupancy / income where additional works are needed.	Specialist project and development teams focussed on care and the needs of the client, close monitoring of projects, tight contractual arrangements, building surveyor scrutiny of design work.

The Audit Committee is charged with the responsibility for ensuring that the organisation has appropriate control systems, and receives recommendations from the auditors arising from issues identified during the audit. The Finance Committee considers the annual budget of the Group (prior to consideration and approval by the Board), and considers changes to financial policies where necessary.

The Board is responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and any other irregularities that could occur and thereby provide reasonable assurance that:

- the Group is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposal;

## Strategic report for the year ended 31 March 2021 (continued)

- proper records are maintained and financial information used within the Group, or for publication, is reliable; and
- the Group complies with relevant laws and regulations.

In addition to its responsibilities for identifying and managing risks and approving the annual budget, the Board of Directors receives and considers regular financial reports for the Group, including explanations for variances from budget and other non financial indicators, including quality of care, health and safety, and those relating to staff and occupancy.

### Remuneration Policy

Care South has a Remuneration Committee which meets annually and determines the terms and conditions of employment of the Chief Executive and members of the Senior Management Team. The Chief Executive and Senior Management Team determine the salary levels for the Extended Management Team and these are approved by the Chairman prior to implementation. In considering salaries, the Committee reviews Care South's salaries against market rates and ensures amendments are appropriate.

### Section 172 (1) Statement

The Board of Directors, both individually and collectively act in good faith and in a way that they would consider would be most likely to promote the success of the Company and its stakeholders. Our key stakeholders include our residents, our home care clients, our employees, our suppliers and the local communities in which we operate.

#### *Consideration of the Long Term Consequences of Decisions*

The consideration of the long term consequences of decision making is an integral part of the decision making process. As a not-for-profit Charity, the Company is not constrained by short term financial targets and bases decisions on the basis of the long term benefits for all of our key stakeholders.

#### *The Interests of the Company's Employees*

Our employees are fundamental to the quality of the services we are able to offer our residents and our care at home clients. Employing a well trained, motivated and engaged workforce is therefore of paramount importance to the Company. The Group invests extensively in the learning and development of our workforce and has developed a people plan to ensure that we operate best practice in staff recruitment, retention and engagement. The Care South Staff Association ensures that all sites and services are represented in two way discussions, allowing staff views and ideas to be incorporated in the decision making process. In addition, staff surveys are performed to assess the success of our approach and to develop action plans to invest further in workforce development. Extensive efforts have been made throughout the year to ensure that our staff have been supported through the Covid-19 pandemic, which has brought unprecedented additional pressures on our dedicated teams

#### *Fostering of the Interests of the Company's Business Relationships*

Relationships with our clients and our suppliers are critical to the success of the Company. We aim to deal with our clients and suppliers in an open, honest and transparent way. We understand the importance of a professional and compassionate approach and look to treat all parties in a fair and equitable way, in line with our core values as a Charity. Our residents and service users reflect a mix of local authority commissioned and private fee payer clients. The Company looks to develop and maintain positive working relationships with local authority commissioners and to

## Strategic report for the year ended 31 March 2021 (continued)

position our services to offer a high standard of care reflecting good value for money for our private fee payers.

### *Impact on the Community & Environment*

We aim that all of the services operated by the Company are integrated within and enhance the local communities in which they operate. Establishing and nurturing local community links are a key element in the successful operation of our care homes, as we draw the majority of our residents and staff from those local communities. The Company is mindful of our responsibility to minimise our impact on the environment and our approach to this is outlined on page 6 within our carbon energy reporting statement.

### *Reputation for High Standards of Business Conduct*

Honesty, integrity and transparency are fundamental to the way in which the Company operates. The success of our services is highly dependent upon maintaining high standards of service and building a strong reputation in our local communities. We aim to treat all of our stakeholders in a fair and equitable way.

### *Acting Fairly Between Members of the Company*

The Company is limited by guarantee and has no shareholders. The Trustee Directors are the members of the company and all members therefore have equal representation on the Board. The Chairman of the Board has a duty to ensure that all Board members are given the opportunity to express their views before any important decision is taken.

### **By order of the Board**



Mrs Jane Stichbury DL  
Chairman  
29 September 2021

## Independent Auditor's Report to the Members of Care South

### Opinion

We have audited the financial statements of Care South (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 director's 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 company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 Care South

### Other information

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

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

We have nothing to report in this regard.

### Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

### Responsibilities of directors

As explained more fully in the Directors' report set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Independent Auditor's Report to the Members of Care South

### **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 our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to Care South, was gained through appropriate audit engagement team selection (ensuring competence and capability to recognise non-compliance) and discussions with management. This covered any knowledge or evidence of actual and potential fraud, litigation and claims, which was followed up with corroborative audit review work. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the charity's ability to continue trading and the risk of material misstatement to the accounts. Based on our understanding of the charity and industry, we identified that the principal risks of non-compliance with laws and regulations relating to Charity Commission and Care Quality Commission ("CQC"). We considered the extent to which non-compliance with these laws and regulations may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as The Companies Act 2006.

We also discussed with management to what extent the business is exposed to fraud – either inherently because of nature of operations, assets or because of weaknesses in internal controls. From these discussions we have evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. The key incentive identified is to ensure a good financial position to meet budgets and we determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify non-compliance with relevant laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud, of which there were none.
- Reviewed filings with the Charity Commission and whether there were any serious incident reports made during the year, of which there were none.
- Reviewed documentation from the CQC to confirm compliance with standards, and ensuring continued registration with the CQC through the CQC website.
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance.
- Reviewed Board minutes.

## Independent Auditor's Report to the Members of Care South

### Auditor's responsibilities for the audit of the financial statements – continued

In response to the identified risk, as part of our audit work we:

- We sampled sales from contracts and other records outside the accounting system to ensure they are complete in the accounts. We reviewed documentation with customers to ensure the revenue can be recognised in the year, and we reviewed the calculations of accrued and deferred income.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://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.



Duncan Leslie (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Towngate House  
2 – 8 Parkstone Road  
Poole  
BH15 2PW

Date: ...08/10/2021.....

**Consolidated statement of financial activities (including income and expenditure account)  
for the year ended 31 March 2021**

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	<b>Total 2021 £000</b>	Unrestricted funds 2020 £000	Restricted funds 2020 £000	<b>Total 2020 £000</b>
<b>Income from:</b>							
Donations and legacies		-	250	<b>250</b>	-	-	-
Charitable activities	5	37,316	16	<b>37,332</b>	37,461	17	37,478
Other trading activities		7,727	-	<b>7,727</b>	7,862	-	7,862
Investment income		109	-	<b>109</b>	184	-	184
Other income	6	2,334	-	<b>2,334</b>	226	-	226
<b>Total income</b>		<b>47,486</b>	<b>266</b>	<b>47,752</b>	<b>45,733</b>	<b>17</b>	<b>45,750</b>
<b>Expenditure</b>							
Expenditure on charitable activities	7	33,754	24	<b>33,778</b>	34,372	17	34,389
Expenditure on other trading activities		6,385	-	<b>6,385</b>	6,703	-	6,703
Other expenditure		-	-	-	-	-	-
<b>Total expenditure</b>		<b>40,139</b>	<b>24</b>	<b>40,163</b>	<b>41,075</b>	<b>17</b>	<b>41,092</b>
<b>Net income</b>	10	<b>7,347</b>	<b>242</b>	<b>7,589</b>	<b>4,658</b>	<b>-</b>	<b>4,658</b>
Transfers		16	(16)	-	17	(17)	-
Gains/(losses) on investments		816	-	816	(315)	-	(315)
<b>Net movements in funds</b>		<b>8,179</b>	<b>226</b>	<b>8,405</b>	<b>4,360</b>	<b>(17)</b>	<b>4,343</b>
Fund balances brought forward at 1 April		48,174	109	<b>48,283</b>	43,814	126	43,940
<b>Fund balances at 31 March</b>		<b>56,353</b>	<b>335</b>	<b>56,688</b>	<b>48,174</b>	<b>109</b>	<b>48,283</b>

The Group has no recognised gains and losses other than those included above. All results derive from continuing operations.

There is no difference between the net income and the net movement in funds, as reported above, and their historical cost equivalents.

## Balance Sheets as at 31 March 2021

		Group	Company	Group	Company
Company No 02565033	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Fixed assets</b>					
Intangible assets	13	63	63	95	95
Tangible assets	14	46,335	41,212	47,021	34,940
Investments	15	3,633	6,504	2,767	13,309
<b>Total fixed assets</b>		<b>50,031</b>	<b>47,779</b>	49,883	48,344
<b>Current assets</b>					
Debtors	16	3,443	3,443	3,761	7,102
Cash at bank and in hand		21,433	21,433	15,636	15,341
<b>Total current assets</b>		<b>24,876</b>	<b>24,876</b>	19,397	22,443
<b>Creditors: amounts falling due within one year</b>	17	<b>(7,531)</b>	<b>(10,402)</b>	(7,998)	(8,532)
<b>Net current assets</b>		<b>17,345</b>	<b>14,474</b>	11,399	13,911
<b>Total assets less current liabilities</b>		<b>67,376</b>	<b>62,253</b>	61,282	62,255
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(10,688)</b>	<b>(10,688)</b>	(12,999)	(12,999)
<b>Total net assets</b>		<b>56,688</b>	<b>51,565</b>	48,283	49,256
<b>The funds of the charity</b>					
<b>Restricted income funds</b>	20	<b>335</b>	<b>335</b>	109	109
<b>Unrestricted income funds</b>					
Designated funds	21	34,302	32,050	37,779	36,240
General funds	21	22,051	19,180	10,395	12,907
<b>Total unrestricted income funds</b>		<b>56,353</b>	<b>51,230</b>	48,174	49,147
<b>Total charity funds</b>		<b>56,688</b>	<b>51,565</b>	48,283	49,256

The financial statements on pages 21 to 44 were approved by the Board of Directors on 29 September 2021 and were signed on its behalf by:



Jane Stichbury DL  
Chairman



Christopher Kean  
Vice Chairman

## Consolidated Statement of Cash Flows for the year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Net cash provided by operating activities</b>	25	<b>10,073</b>	6,332
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(933)	(5,474)
Purchase of intangible fixed assets		(11)	(70)
Proceeds from the sale of tangible fixed assets		5	-
Financial investment		(867)	256
Interest received		109	184
<b>Net cash used in investing activities</b>		<b>(1,697)</b>	(5,104)
<b>Cash flow from financing activities</b>			
Loan interest paid		(458)	(681)
Receipt of bank loan		-	-
Loan capital repaid		(2,121)	(1,932)
<b>Net cash used in financing activities</b>		<b>(2,579)</b>	(2,613)
<b>Net change in cash and cash equivalents</b>		<b>5,797</b>	(1,385)
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,636</b>	17,021
<b>Cash and cash equivalents at the end of the year</b>		<b>21,433</b>	15,636

## Notes to the financial statements for the year ended 31 March 2021

### 1 General information

Care South ('the company') provides residential care facilities and other community care services in the south of England.

The company is an independent Company limited by guarantee and is incorporated and domiciled in England. The address of its registered office is 39 Commercial Rd, Poole, Dorset, BH14 0HU.

### 2 Statement of compliance

The financial statements of Care South have been prepared in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102), Charities SORP (FRS102), the Companies Act 2006 and the Charities Act 2011.

### 3 Statement of accounting policies

A summary of the more important Group accounting policies is set out below.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are prepared on a going concern basis, under the historical cost convention except for financial instruments which are measured at fair value. Further details regarding use of going concern basis can be found in the Directors Report, page 8.

Care South meets the definition of a public benefit entity under FRS102.

#### Group financial statements

These financial statements consolidate the results of the Company and its wholly owned subsidiaries Beauchamp House Nursing Home Limited and Two Rivers Investments Limited using the acquisition accounting method. The subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### Basis of consolidation

The Group's financial statements consolidate the results of Care South ('the Company') and all of its subsidiary undertakings drawn up to 31 March, and are prepared on a going concern basis and a historic cost convention has been applied. There are no material uncertainties in respect of the companies' ability to continue as a going concern. Accounting policies have been applied consistently across the Group. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the period are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

#### Acquisition

On 31 March 2021, Care South purchased the assets and trade of its two subsidiary companies, Beauchamp House Nursing Home Limited and Two Rivers Investments Limited. The purchase consideration was equal to the net assets of each subsidiary company. Note 12 to the accounts shows the value of the net assets transferred.

### 3 Statement of accounting policies – continued

#### Exemptions

FRS102 allows a qualifying entity certain disclosure exemptions subject to certain conditions which have been complied with. The company has taken advantage of the following exemptions:

- The requirement to prepare a statement of cash flows, under FRS 102, paragraph 1.12 (b), on the basis that it includes the Company's cash flows in the consolidated financial statements
- The requirement of Section 33 Related Party Disclosures paragraph 33.7 to disclose the company's key management personnel compensation in total.
- The requirement to provide certain financial instrument disclosures, under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.
- The requirement to prepare a statement of financial activities, under FRS 102, paragraph 1.12 (b), on the basis that it includes the Company's financial activities in the consolidated financial statements.

#### Tangible fixed assets

Generally, tangible fixed assets costing more than £2,000 are capitalised and included at purchase cost, including any irrecoverable VAT, together with any incidental costs of acquisition, less any impairment. Tangible fixed assets costing less than £2,000 are generally expensed as incurred.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned, as follows:

	Years
Buildings	50
Short Leasehold Improvements	Remaining length of lease
Computer Equipment	3
Fixtures, Fittings and Equipment	4-10
Motor Vehicles	4

Land and assets in the course of construction are not depreciated. Loan interest on debt taken out specifically to fund assets in the course of construction is capitalised and written off over the useful life of the asset.

In situations where an asset is not able to complete its initially assessed useful economic life, the remaining useful life is established, and it is written off over the shorter period.

Donated assets are recognised at the start of the assets' useful lives. The value of the assets is transferred to a restricted fund and the depreciation of those assets is charged to that fund.

A review for impairment of fixed assets is carried out at each balance sheet date to determine if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying value of the asset is impaired. Impairment losses are recognised in the Statement of Financial Activities.

#### Investments

Investments are stated at cost, less any provision for impairment in value.

Listed investments are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the Statement of Financial Activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities based on the market value at the year end.

## 3 Statement of accounting policies - continued

### Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Goodwill – 10 years

Goodwill, being the excess of consideration paid over the fair value of net assets acquired on the acquisition of a business, is amortised evenly over its estimated useful life of ten years.

Software – 3 years

Amortisation is charged to charitable activities in the statement of financial activities. Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### Income

Income from charitable and other trading activities, which excludes value added tax, represents the value of the residential and domiciliary care services provided during the year and is recognised at the point the service is provided. Fee deposits invoiced and received in advance are deferred until such time as the service user ceases occupation in the Company's care homes. Income from revenue related to grants is recognised when received. Investment income is recognised in the period in which it is earned. Credit for legacy income is taken in the year in which the amount can be assessed with probable certainty. Legacies for the general purposes of the Charity are credited to 'General Funds'. Legacies subject to specific wishes of the donors are credited to 'Restricted Funds'.

### Deferred income

Amounts received in advance in respect of Block Purchase Agreements are included in deferred income at the year end and also included in a restricted fund. Deferred income is released to the SOFA over the period of the related contract.

### Expenditure

All expenditure is accounted for on an accruals basis. Costs in relation to governance are not material and have been included within the costs of charitable activities. Irrecoverable VAT incurred on resources expended is charged as a cost to the Statement of Financial Activities.

### Pension costs

The Group has a defined contribution stakeholder pension scheme. From 1 September 2013 all qualifying staff not in an eligible pension scheme were enrolled in a flexible retirement plan as required by auto-enrolment legislation. Costs charged to charitable activities and commercial trading operations are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are recorded as either accruals or prepayments in the balance sheet.

### 3 Statement of accounting policies – continued

#### Stock

Stock represents the costs of construction and the rights to the use of land under leases of unsold close care apartments and cottages, with lease periods of either 99 or 122 years. Stock is stated at net cost less any foreseeable losses.

#### Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

#### Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

##### a) *Financial assets*

Basic financial assets, including trade and other receivables, and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently measured at amortised cost. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income statement. Financial assets are derecognised when a) the contractual rights to the cash flows from the asset expire, or are settled, or b) when substantially all the risks and rewards of ownership of the asset are transferred to another party.

##### b) *Financial liabilities*

Basic financial liabilities including trade and other payables, and cash and bank balances, are initially recognised at transaction price. Such liabilities are subsequently measured at amortised cost. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, which are not basic financial instruments, and take the form of interest rate swaps are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair values of derivatives are recognised in the Statement of Financial Activity as either finance cost or income as appropriate.

#### Designated funds

Designated funds are unrestricted funds that, at the discretion of the Directors, have been set aside for specific purposes. The balance of designated funds at the balance sheet date represents the net book value of fixed assets after taking account of related long term external financing.

#### Restricted funds

Restricted funds are funds which have been received for a specific purpose.

#### General funds

General funds may be used in accordance with the Company's charitable objectives at the discretion of the Directors.

#### Critical accounting judgements and estimates

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 3 Statement of accounting policies – continued

#### Impairment of receivables:

The company makes an estimate of the recoverable value of debtors. When assessing impairment of receivables, management considers factors including the credit rating of the receivable, the ageing profile of receivables and historical experience.

#### Useful economic life of assets:

The carrying value of tangible fixed assets at 31 March 2021 (note 14), requires the directors to make an estimate of the assets' useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed on page 25.

#### Assets under construction:

The Directors are required to identify when expenditure is capital in nature and relates to the creation or improvement of an asset. Judgements are also required to determine when the asset has been completed and therefore brought into use, which will normally be the date at which an asset is brought into operational service. See note 14 for more details

### 4 Financial activities of the Company

A summary of the financial activities undertaken by the Parent Company are set out below:

	2021 £000	2020 £000
<b>Resources from generated funds:</b>		
Investment income	109	184
Donations and legacies	250	-
Charitable activities	37,332	37,478
Profits donated by subsidiaries	3,205	-
Other income	1,952	226
<b>Total Income</b>	<b>42,848</b>	<b>37,888</b>
Total expenditure on charitable activities	(33,684)	(34,295)
Impairment loss on subsidiaries	(7,671)	-
Other expenditure	-	-
<b>Net income before other recognised gains and losses</b>	<b>1,493</b>	<b>3,593</b>
Unrecognised gains/(losses)	816	(315)
<b>Net movement in funds</b>	<b>2,309</b>	<b>3,278</b>
Total funds brought forward as at 1 April	49,256	45,978
<b>Total funds carried forward</b>	<b>51,565</b>	<b>49,256</b>
<b>Represented by:</b>		
Restricted Funds	335	109
Unrestricted Funds	51,230	49,147
	<b>51,565</b>	<b>49,256</b>

**5 Income from charitable activities**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total 2021 £000	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total 2020 £000
Residential care services	33,129	16	33,145	32,863	17	32,880
Domiciliary care services	4,187	-	4,187	4,598	-	4,598
	<b>37,316</b>	<b>16</b>	<b>37,332</b>	<b>37,461</b>	<b>17</b>	<b>37,478</b>

**6 Other income**

	2021 £000	2020 £000
Infection Control and Rapid Testing grants	2,102	-
Coronavirus Job Retention Scheme income	172	-
Sundry income and utility costs recharged	60	226
	<b>2,334</b>	<b>226</b>

**7 Expenditure on charitable activities**

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total 2021 £000	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total 2020 £000
Residential care	25,052	24	25,076	25,745	17	25,762
Domiciliary care	3,645	-	3,645	3,815	-	3,815
Support costs	4,055	-	4,055	3,632	-	3,632
Other costs	544	-	544	499	-	499
Interest payable on bank loans	556	-	556	694	-	694
Gains on derivative financial instruments	(98)	-	(98)	(13)	-	(13)
	<b>33,754</b>	<b>24</b>	<b>33,778</b>	<b>34,372</b>	<b>17</b>	<b>34,389</b>

## 8 Directors' emoluments and key management compensation

Travel expenses of £12 was paid to one Director of the Company during the year (2020: £3,589 paid to six Directors). No emoluments are payable to the Directors (2020: £nil).

### Key management compensation (Group)

Key management includes the Directors and members of the senior leadership team. The compensation paid or payable to key management is shown below:

	2021 £000	2020 £000
Salaries and other short-term benefits	790	687
Post-employment benefit	56	57
<b>Total compensation</b>	<b>846</b>	<b>744</b>

The number of key management personnel who received fees and other emoluments (including pension contributions) in the following ranges was:

	Group 2021 Number	Group 2020 Number
Less than £10,000	-	-
£10,001 - £20,000	-	1
£30,001 - £40,000	-	1
£70,001 - £80,000	-	1
£80,001 - £90,000	2	1
£90,001 - £100,000	1	-
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£130,001 - £140,000	-	1
£150,001 - £160,000	1	-
£170,001 - £180,000	-	1
£200,001 - £210,000	1	-
	<b>7</b>	<b>8</b>

## 9 Employee information

The average number of people employed by the Company in the financial year was 1,099 (2020: 1,110), and by the Group was 1,354 (2020: 1,354). This equates to the following average monthly number of full-time equivalent persons (including senior executives) employed by the Group and Company during the year:

	<b>Group 2021 Number</b>	<b>Company 2021 Number</b>	Group 2020 Number	Company 2020 Number
<b>By activity</b>				
Management, administration, finance and training	<b>189</b>	<b>168</b>	176	158
Supervisors	<b>137</b>	<b>106</b>	153	121
Care, catering and domestic staff	<b>802</b>	<b>662</b>	790	651
	<b>1,128</b>	<b>936</b>	1,119	930

	<b>Group 2021 £000</b>	<b>Company 2021 £000</b>	Group 2020 £000	Company 2020 £000
<b>Staff costs (for the above persons)</b>				
Wages and salaries	<b>24,149</b>	<b>20,193</b>	22,151	18,591
Social security costs	<b>1,845</b>	<b>1,566</b>	1,592	1,351
Other pension costs	<b>633</b>	<b>548</b>	585	506
	<b>26,627</b>	<b>22,307</b>	24,328	20,448

Staff numbers have been reported on the basis of full time equivalent hours. In addition, in the group, temporary staff costs of £1,308,000 (2020: £3,542,000) were incurred for holiday cover, sickness, and staff shortages.

**10 Net income**

	<b>Group 2021 £000</b>	<b>Group 2020 £000</b>
<b>Net income is stated after charging:</b>		
Depreciation for the year:		
- Tangible fixed assets	1,569	1,709
- Intangible owned fixed assets	43	54
Operating leases - land and buildings	1,827	1,817
Loss (profit) on disposal of fixed assets	-	-
Fees payable to the Company's auditors for the audit of the Parent Company and Group financial statements	28	28
Fees payable to the Company's auditors to audit the Company's subsidiaries pursuant to legislation	5	5
Fees payable to the Company's auditors for other services	1	8

**11 Charitable and taxation status**

The Charity Commissioners granted charitable status to the Company on 12 October 1992. Charitable activities are exempt from tax under section 505 of the ICTA 1988 and accordingly no corporation tax has been provided for in these financial statements.

The trading subsidiaries have gift aided all of the operating profits generated from trading, resulting in no material corporation tax liability arising in the year.

**12 Acquisition**

On 31 March 2021 the trade and assets of Two Rivers Investments Limited and Beauchamp House Nursing Home Limited were transferred to Care South at their carrying values.

	<b>Assets per completion accounts £'000</b>	<b>Fair value adjustments £'000</b>	<b>Transfer in recognised £'000</b>
<b>Tangible fixed assets</b>			
Freehold land and buildings	6,719	-	6,719
Leasehold land and buildings	8	-	8
Plant and machinery	232	-	232
Assets under construction	32	-	32
	<hr/> 6,991	<hr/> -	<hr/> 6,991
<b>Other assets</b>			
Debtors due in less than one year	358	-	358
Cash in bank and in hand	245	-	245
	<hr/> 603	<hr/> -	<hr/> 603
<b>Liabilities</b>			
Creditors due in less than one year	(875)	-	(875)
<b>Net assets</b>	<hr/> <b>6,719</b>	<hr/> <b>-</b>	<hr/> <b>6,719</b>

## 13 Intangible assets

Group	Software	Goodwill	Total
	£000	£000	£000
<b>Cost</b>			
At 1 April 2020	410	385	795
Additions	11	-	11
Disposals	-	-	-
<b>At 31 March 2021</b>	<b>421</b>	<b>385</b>	<b>806</b>
<b>Accumulated amortisation</b>			
At 1 April 2020	315	385	700
Charge for the year	43	-	43
Disposals	-	-	-
<b>At 31 March 2021</b>	<b>358</b>	<b>385</b>	<b>743</b>
<b>Net book value</b>			
<b>At 31 March 2021</b>	<b>63</b>	<b>-</b>	<b>63</b>
At 31 March 2020	95	-	95
<b>Company</b>			
			<b>Total software</b>
			<b>£000</b>
<b>Cost</b>			
At 1 April 2020			410
Additions			11
Disposals			-
<b>At 31 March 2021</b>			<b>421</b>
<b>Accumulated amortisation</b>			
At 1 April 2020			315
Charge for the year			43
Disposals			-
<b>At 31 March 2021</b>			<b>358</b>
<b>Net book value</b>			
<b>At 31 March 2021</b>			<b>63</b>
At 31 March 2020			95

## 14 Tangible assets

Group	Land and Buildings £000	Assets Under Construction £000	Short Leasehold Improvements £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
<b>Cost</b>					
At 1 April 2020	47,618	4,651	313	8,536	61,118
Additions	243	395	-	295	933
Transfers	(6)	(395)	-	401	-
Disposals	-	-	-	(565)	(565)
<b>At 31 March 2021</b>	<b>47,855</b>	<b>4,651</b>	<b>313</b>	<b>8,667</b>	<b>61,486</b>
<b>Accumulated Depreciation</b>					
At 1 April 2020	6,798	-	302	6,997	14,097
Charge for the year	849	-	2	718	1,569
Eliminated on disposal	-	-	-	(515)	(515)
<b>At 31 March 2021</b>	<b>7,647</b>	<b>-</b>	<b>304</b>	<b>7,200</b>	<b>15,151</b>
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>40,208</b>	<b>4,651</b>	<b>9</b>	<b>1,467</b>	<b>46,335</b>
At 31 March 2020	40,820	4,651	11	1,539	47,021

**Group and Company**

Included within Land and Buildings cost are homes freehold land and buildings of £21,673,000 (2020: £21,436,000 restated), buildings where the land is held on a 125 year operating lease of £18,011,000 (2020: £18,011,000 restated) and buildings where land is held on a 150 year operating lease of £6,299,000 (2020: £6,299,000)

The net book value of capitalised finance costs is £74,000 (2020: £76,000) which is included within land and buildings.

## 14 Tangible assets (continued)

Company	Land and Buildings £000	Assets Under Construction £000	Short Leasehold Improvements £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
<b>Cost</b>					
At 1 April 2020	33,458	4,638	291	6,839	45,226
Additions	-	382	-	183	565
Transfers from subsidiaries	6,719	32	8	232	6,991
Other transfers	-	(401)	-	401	-
Disposals	-	-	-	(429)	(429)
<b>At 31 March 2021</b>	<b>40,177</b>	<b>4,651</b>	<b>299</b>	<b>7,226</b>	<b>52,353</b>
<b>Accumulated Depreciation</b>					
At 1 April 2020	4,445	-	291	5,550	10,286
Charge for the year	614	-	-	624	1,238
Eliminated on disposals	-	-	-	(383)	(383)
<b>At 31 March 2021</b>	<b>5,059</b>	<b>-</b>	<b>291</b>	<b>5,791</b>	<b>11,141</b>
<b>Net book value</b>					
<b>At 31 March 2021</b>	<b>35,118</b>	<b>4,651</b>	<b>8</b>	<b>1,435</b>	<b>41,212</b>
At 31 March 2020	29,013	4,638	-	1,289	34,940

## 15 Investments

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Shares in group undertakings	-	2,871	-	10,542
Listed investments	3,633	3,633	2,767	2,767
	<b>3,633</b>	<b>6,504</b>	<b>2,767</b>	<b>13,309</b>

## 15 Investments (continued)

	Company 2021 £000	Company 2020 £000
<b>Shares in Group undertakings</b>		
As at 1 April 2020	10,542	10,202
Impairment	(7,671)	-
Beauchamp House share purchase	-	340
<b>As at 31 March 2021</b>	<b>2,871</b>	<b>10,542</b>

Investments in group undertakings are represented by the entire issued share capital of Beauchamp House Nursing Home Limited which was acquired on 31 January 2008, and Two Rivers Investments Limited which was acquired on 10 March 2011. The Directors consider the value of the investments to be supported by their underlying assets. Investments in Group undertakings are stated at cost.

The principal activities of Beauchamp House Nursing Home Limited (Company number 01124433) and Two Rivers Investments Limited (Company number 05139871) during the year were that of providing nursing homes for the elderly. A summary of the 12 months trading and closing balance sheets for both entities follows.

On 31 March the activities, trade, assets and liabilities of Beauchamp House Nursing Home Limited and Two Rivers Investments Limited were transferred to Care South. Following the sale, the companies ceased to trade.

Care South's three wholly owned dormant subsidiary companies are:

Care South Developments Limited (Company number 5245934)  
The Dorset Trust Limited (Company number 5115530)  
Strome Park Limited (Company number 07561438)

The registered address of all subsidiaries is 39 Commercial Road, Poole BH14 0HU. All subsidiaries are incorporated in England and Wales.

<b>Beauchamp House Nursing Home Limited – Financial Results Summary</b>	<b>2021</b>	2020
<b>Profit &amp; Loss Account</b>	<b>£000</b>	£000
Turnover	2,694	2,784
Other operating income	128	-
Cost of sales, administrative expenses and interest costs	(2,352)	(2,650)
<b>Profit on Ordinary Activities Before Taxation</b>	<b>470</b>	134
	<b>2021</b>	2020
<b>Balance Sheet</b>	<b>£000</b>	£000
Assets	406	4,850
Liabilities	-	(4,150)
<b>Total Net Assets</b>	<b>406</b>	700

## 15 Investments (continued)

Two Rivers Investments Limited – Financial Results Summary		2021	2020
Profit & Loss Account		£000	£000
Turnover		5,033	5,078
Other operating income		253	
Cost of sales, administrative expenses and interest costs		(4,032)	(4,054)
<b>Profit on Ordinary Activities Before Taxation</b>		<b>1,254</b>	<b>1,024</b>
<b>Balance Sheet</b>		<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
Assets		2,465	4,221
Liabilities		-	(569)
<b>Total Net Assets</b>		<b>2,465</b>	<b>3,652</b>
<b>Other investments</b>		<b>2021</b>	<b>2020</b>
		<b>£000</b>	<b>£000</b>
Listed Investments		3,633	2,767

The investments were valued by Investec Wealth and Investment Ltd based on the fair value which is equivalent to market price as at 31 March 2021.

## 16 Debtors

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	1,774	1,774	2,260	2,079
Amounts owed by subsidiary undertakings	-	-	-	3,691
Other debtors	51	51	15	14
Prepayments and accrued income	1,618	1,618	1,486	1,318
	<b>3,443</b>	<b>3,443</b>	<b>3,761</b>	<b>7,102</b>

Amounts owed by subsidiary undertakings are unsecured, interest free and are repayable on demand. Trade debtors are stated after provision for impairment of £287,000 (2020: £322,000).

**17 Creditors: amounts falling due within one year**

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Bank loans	2,194	2,194	2,129	2,129
Trade creditors	2,178	2,178	2,595	2,383
Amounts owed to subsidiary undertakings	-	2,871	-	1,562
Other creditors	510	510	639	258
Taxation and social security	404	404	332	285
Accruals and deferred income	2,245	2,245	2,303	1,915
	<b>7,531</b>	<b>10,402</b>	<b>7,998</b>	<b>8,532</b>
			Group 2021 £000	Company 2021 £000
Deferred income at 1 April 2020			320	257
Resources deferred in year			215	170
Amounts released from previous periods			(300)	(237)
<b>Deferred income at 31 March 2021</b>			<b>235</b>	<b>190</b>

**18 Creditors: amounts falling due after more than one year**

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Bank loans	9,809	9,809	11,995	11,995
Accruals	540	540	551	551
Deferred income	77	77	93	93
Derivative financial instruments	262	262	360	360
	<b>10,688</b>	<b>10,688</b>	<b>12,999</b>	<b>12,999</b>

There are eight loan facilities repayable in instalments over durations ranging from 10 to 20 years at inception. The value of loans with fixed interest rates of between 5.9% and 6.6% is £6,559,000 (2020: £7,711,000 restated). Loans with variable interest of base plus 2.25% total £2,850,000 (2020: £3,420,000). Loans with variable interest of base plus 2% total £2,594,000 (2020: £2,993,000). Each loan is secured on the property it was raised against.

## 18 Creditors: amounts falling due after more than one year (continued)

Maturity of bank loans	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
In one year or less	2,194	2,194	2,129	2,129
In more than one year, but not more than two years	2,138	2,138	2,129	2,129
In more than two years, but not more than five years	6,094	6,094	6,388	6,388
In more than five years	1,577	1,577	3,478	3,478
	<b>12,003</b>	<b>12,003</b>	14,124	14,124

## 19 Financial Instruments

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Financial assets measured at amortised cost				
- Trade debtors	1,774	1,774	2,260	2,079
- Amounts owed by subsidiary undertakings	-	-	-	3,691
- Accrued income	982	982	857	781
- Other debtors	51	51	15	14
Financial assets at fair value through income and expenditure				
- Listed investments	3,633	3,633	2,767	2,767
<b>Financial assets</b>	<b>6,440</b>	<b>6,440</b>	5,899	9,332
Financial liabilities measured at amortised cost				
- Trade creditors	2,178	2,178	2,595	2,383
- Bank loans	12,003	12,003	14,124	14,124
- Amounts owed to subsidiary undertakings	-	2,871	-	-
- Accruals	2,550	2,550	2,533	2,208
- Other creditors	509	509	639	258
Financial liabilities measured at fair value through income and expenditure				
- Derivative financial instruments	262	262	360	360
<b>Financial liabilities</b>	<b>17,502</b>	<b>20,233</b>	20,251	20,895

## Derivative financial instruments

The Group had entered into three interest rate swaps to receive interest at LIBOR and pay interest at fixed rates of 4.21%, 3.84% and 1.57%. The swaps are based on principal amounts of the Group's Barclays loan facilities, and mature in 2028, 2026 and 2025 on the same dates as the Barclays loans. Interest rate swaps are valued at the balance sheet date as advised by Barclays Bank.

**20 Restricted income funds**

Group and Company	Sussexdown Legacy	Maiden Castle Build	Total £000
At 1 April 2020	-	109	<b>109</b>
Income	250	16	266
Transfers	-	(16)	(16)
Expenditure	(8)	(16)	(24)
<b>At 31 March 2021</b>	<b>242</b>	<b>93</b>	<b>335</b>

The balance of restricted funds at the balance sheet date represents a restricted legacy gifted to Sussexdown during the year, along with the net book value of assets gifted from Dorset County Council to Maiden Castle House.

Deferred income in respect of the above is recognised as £16,000 in short term creditors and £77,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

**21 Unrestricted income funds**

Group	Designated Funds £000	General Funds £000	Total £000
At 1 April 2020	37,779	10,395	<b>48,174</b>
Transfer from restricted funds	-	16	<b>16</b>
Transfer	(3,477)	3,477	-
Income	-	47,486	<b>47,486</b>
Expenditure	-	(40,139)	<b>(40,139)</b>
Unrecognised gains	-	816	<b>816</b>
<b>At 31 March 2021</b>	<b>34,302</b>	<b>22,051</b>	<b>56,353</b>

Company	Designated Funds £000	General Funds £000	Total £000
At 1 April 2020	36,240	12,907	<b>49,147</b>
Transfer from restricted funds	-	16	<b>16</b>
Transfer	(4,190)	4,190	-
Income	-	39,377	<b>39,377</b>
Expenditure	-	(41,331)	<b>(41,331)</b>
Profits donated by subsidiaries	-	3,205	<b>3,205</b>
Unrecognised gains	-	816	<b>816</b>
<b>At 31 March 2021</b>	<b>32,050</b>	<b>19,180</b>	<b>51,230</b>

Designated funds represent the value of tangible and intangible fixed assets. A transfer has been made for both the Group and the Company from general funds so that designated funds equal the value of fixed assets after taking account of external financing. For the case of the company, fixed assets also includes the investments in the subsidiaries. Listed investments are included within general funds.

## 22 Analysis of net assets between funds

Group	Designated	Restricted	General	Total
	Funds	Funds	Funds	2021
	£000	£000	£000	£000
Fixed assets	46,305	93	3,633	50,031
Current assets	-	242	24,634	24,876
Current liabilities	(2,194)	-	(5,337)	(7,531)
Long term liabilities	(9,809)	-	(879)	(10,688)
<b>Total Net Assets</b>	<b>34,302</b>	<b>335</b>	<b>22,051</b>	<b>56,688</b>

Company	Designated	Restricted	General	Total
	Funds	Funds	Funds	2021
	£000	£000	£000	£000
Fixed assets	44,053	93	3,633	47,779
Current assets	-	242	24,634	24,876
Current liabilities	(2,194)	-	(8,208)	(10,402)
Long term liabilities	(9,809)	-	(879)	(10,688)
<b>Total Net Assets</b>	<b>32,050</b>	<b>335</b>	<b>19,180</b>	<b>51,565</b>

## 23 Pension obligations

## Defined Contribution Schemes

The Defined Contribution schemes are stakeholder pension schemes and flexible retirement plans that are independently administered by regulated Financial Services companies. The cost of contributions to the schemes amounted to £25,000 (2020: £24,000) and £608,000 (2020: £561,000) respectively. Contributions of £3,000 (2020: £3,000) and £112,000 (2020: £110,000) were owed to the schemes respectively at the end of the year.

**24 Related parties transactions**

The Company has entered into the following transactions with its wholly owned subsidiaries.

Transactions entered into and balances outstanding at 31 March 2021:

	Recharges to related parties £000	Payments to reduce intercompany balance £000	Hive up transfer of trade £000	Amount owed by/(to) related parties £000
Beauchamp House Nursing Home Ltd	174	442	(4,713)	<b>(406)</b>
Two Rivers Investments Ltd	272	970	(2,145)	<b>(2,465)</b>

Transactions entered into and balances outstanding at 31 March 2020:

	Recharges to related parties £000	Payments to reduce intercompany balance £000	Hive up transfer of trade £000	Amount owed by related parties £000
Beauchamp House Nursing Home Ltd	145	(1,836)	-	<b>3,691</b>
Two Rivers Investments Ltd	224	(2,738)	-	<b>(1,562)</b>

During the year the company received gift aid profits from related parties totalling £3,205,000.

Care South leases land on a long leasehold basis from the T H Russell Charitable Trust at our St Ives House site near Ringwood. Mrs Lyndsay Ann Ansell is both a Director of Care South and a Trustee of the TH Russell Charitable Trust. The rent paid under the lease during the financial year amounted to £91,000.

## 25 Reconciliation of net income before other recognised gains to net cash provided by/(used in) operating activities

	2021 £000	2020 £000
Net income (before other recognised gains and losses)	7,589	4,658
Unrealised gains/(losses)	816	(315)
Depreciation	1,569	1,709
Amortisation	43	54
Interest received	(109)	(184)
Interest expenses	458	681
Loss on disposal of fixed assets	45	23
Decrease in stock	-	341
Decrease/(increase) in debtors	318	(542)
Decrease in creditors	(656)	(93)
<b>Net cash provided by operating activities</b>	<b>10,073</b>	<b>6,332</b>

## 26 Capital commitments

The Group has no capital commitments at the balance sheet date (2020 £35,000).

## 27 Contingent liabilities

The Company had no material contingent liabilities at 31 March 2021 (2020: £nil).

## 28 Financial commitments

At 31 March the Group and Company are committed to the following future minimum lease payments under non-cancellable operating leases:

	2021 Land & Buildings £000	2020 Land & Buildings £000
Within one year	1,839	1,806
Within 2 to 5 years	6,067	5,960
After 5 years	44,544	44,383

## 29 Limited liability

The Company is limited by guarantee and does not have a share capital. The Directors are the guarantor members for £1 each.

## 30 Analysis of changes in net debt

	At 1 April 2020 £'000	Cash flows £'000	At 31 March 2021 £'000
<b>Cash and cash equivalents</b>			
Cash	15,636	5,797	21,433
Overdrafts	-	-	-
	15,636	5,797	21,433
<b>Borrowings</b>			
Debt due within one year	(2,129)	(65)	(2,194)
Debt due after one year	(11,995)	2,186	(9,809)
	(14,124)	2,121	(12,003)
<b>Total</b>	<b>1,512</b>	<b>7,918</b>	<b>9,430</b>