

Care South
(Company limited by guarantee)
Annual Report and Financial Statements
for the year ended 31 March 2024

Care South

Annual report for the year ended 31 March 2024

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Legal and administrative information

Directors

Mr Christopher Kean FCA +*#^\$~\
Chairman

Mr Charles Hunter FRICS +#\
Vice Chairman

Miss Hayley Bonner
 (Appointed 1 September 2023)
 (Resigned 30 August 2024)

Mrs Mary Brice \$
 (Appointed 1 November 2023)

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

Mr Richard Dyson #^

Mr Richard Groom MBE FCIB +^
 (Until 18 September 2024)

Ms Sarah Philbrick *^

Dr Adrian Rozkovec BSc (Hons) MD
 FRCP DArt(hc) FESC \$

Mrs Jane Stichbury CBE QPM DL \$

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

~ Member of the Defects Recovery
 Committee

\ Member of the Chairman's 2020
 Committee

Executive Team

Simon Bird MRICS
 Chief Executive

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

Nicholas Fry BA (Hons) MRICS
 Property Director

Martin Ross
 Director of Care at Home

Margaret Searle MCIPD
 Director of Human Resources and Training

Phil Smith
 Director of Residential Care

Penelope Sargeant ACG
 Board Secretary

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

Solicitors

Lester Aldridge LLP
 Russell House
 Oxford Road
 Bournemouth, BH8 8EX

Strategic report for the year ended 31 March 2024

The Directors present their strategic report for the year ended 31 March 2024.

Financial overview and future developments

Company incoming resources increased by 15.5%, compared with the previous year, up to £57.7m (2023: £50.0m). Income from charitable activities increased by £6.6m (13.4%) overall, while other income increased by £0.5m up to £0.9m. In residential care, improvement in occupancy levels combined with higher average fee rates resulted in notably higher income levels. Within our care at home services, the volume of billed hours fell by 14%, in a challenging commissioning landscape, resulting in a 7% reduction in income. Increases in other income reflected property sales plot fees and other related income at our assisted living development in North Devon. Investment income increased by £0.6m, largely reflecting higher interest rates being received on cash balances held.

The Company's total expenditure increased by £6.3m and 13.7% up to £52.4m. This reflected ongoing elevated rates of inflation in both staff and non-staff costs, along with some significant non-routine costs. The care sector continued to suffer from staff shortages, driving higher pay rates and additional investment in recruitment & retention initiatives. It was pleasing however to see agency staff usage and costs fall from the peak levels seen during the previous year. Energy costs increased by over 30% year on year, although we saw the double-digit inflation which had impacted many other cost areas during the previous financial year, ease from those peak levels. Property based expenditure for the year included non-routine costs of £3.0m for defect repairs at three of our care homes, which had a significant impact on expenditure levels. Excluding the impact from non-routine expenditure, underlying cost levels increased by 7.2%.

The Company reported a net income before other recognised gains and losses of £5.4m (2023: £3.9m). The increase of £1.5m largely reflected the improvement in occupancy and fee income levels in residential care. After a better year for investment performance, unrealised gains of £0.4m were recorded on investments, with easing rates of inflation and expectations that interest rates have peaked positively impacting performance.

After other recognised gains and losses, the Company reported a Net Movement in Funds of £5.8m (2023: £3.3m). The surplus for the year has been added to reserves. Reserve levels as expected fell back into line with the reserves policy during 2024, with significant capital investments made without additional debt finance. The Company Balance sheet remains strong, with £17.9m held in cash reserves and a further £9.6m of liquid investments.

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Strategic report for the year ended 31 March 2024 (continued)

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 Company.

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.

Care South's Long Term Strategy is as follows:

- 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 2023-24

The objectives derived from our long-term strategy are reviewed and agreed by the Board in November each year. The table below outlines our objectives for 2023-24 and our assessment of the achievement and success against each of these objectives.

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Strategic report for the year ended 31 March 2024 (continued)

Objective	Achievement
To deliver quality care services which meet all relevant regulations and are rated at least "Good" by CQC.	The standard of care within our residential and care at home services is continually monitored through internal quality audits and feedback from residents/service users and relatives with constant focus upon delivering quality care. The internal quality audit programmes are regularly reviewed and updated where appropriate. 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 www.cqc.org.uk . Currently 89% of the Care South services are rated at least "Good" by CQC, which is above the national average of 83%. We are also confident that reinspection of the two services which have historic 'requires improvement' ratings would result in upgraded ratings. Only one of our services, St Ives House was inspected by CQC during the year, with the home rated Good in all areas. Both residential care and care at home now use market leading electronic care planning systems to help ensure that consistently high standards of care planning are in place for all residents and service users.
To attract, train, develop and retain engaged staff to deliver quality care services.	The Company continues to invest in training and development of staff, with a wide range of both face to face training and electronic learning modules. Having seen staff turnover and vacancy rates increase last year in common with most of the care sector, we saw some notable improvement during the current financial year. We have continued to invest in our HR and recruitment teams to address these sector wide challenges and have seen significantly lower vacancy rates. While staff turnover rates have fallen, we still have further progress to make.
To expand and develop a range of services to meet the needs primarily of older people, but not excluding other age ranges.	While the Company has previously targeted the expansion and development of the care at home offering and delivered growth in billed hours of 14% and 7% respectively during the last two financial years, 2023-24 saw a particularly challenging public sector commissioning landscape, resulting in a decline in activity levels and the closure of our office in Bath. Renewed focus is now being given to growth within the private market and looking to establish a new office based at our existing facilities in North Devon.
To enhance the property portfolio of the Charity to provide security for the future.	Construction continued on our spectacular art deco style new build 50 bed care home, Marjorie House during the year, which post year-end welcomed its first residents on 4 September 2024. The company also completed the purchase of a new site in Merley during May 2023 and we are currently working towards a scheme incorporating a new 60 bed care home and 40-50 assisted living apartments on the site. This care village type scheme is a concept that works well and one which we are keen to develop further. During the year we took possession of and fitted out the Pavilion shop, café and community building at our Kenwith Castle site in North Devon, providing a great new facility for residents within our expanding assisted living development.

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Strategic report for the year ended 31 March 2024 (continued)

<p>To work with local authorities and other commissioners to meet the future need.</p>	<p>The Executive Team continues to have strategic discussions with local authority and NHS commissioners, to identify and move forward with commissioning services tailored to local needs. During February 2023, a new residential care block bed contract commenced to support NHS Dorset in facilitating hospital discharge for patients from the Royal Bournemouth and Poole hospitals into an appropriate care setting. The scheme operated throughout the 2023-24 financial year, with the Care South team looking to quickly find the right long-term solution for each patient, to maintain a good flow through the block beds back into the community or into long-term care. The scheme has worked extremely well, with dedicated resources allocated to help ensure a smooth and timely flow of patients through the beds, which were commissioned across a number of our local care homes. While the scheme came to an end post year-end in June 2024, the Company has subsequently entered a new block bed arrangement with the BCP local authority. The Company also continued to work closely and flexibly with local authority commissioners during the year to support hospital discharge requirements at various pressure points throughout the year with care at home services.</p>
<p>To remain financially viable and hold reserves in line with our reserves policy.</p>	<p>During the year, Company reserves increased by £5.8m, after absorbing £3.0m of non-routine costs in relation to the repair property defects. The increase in reserves resulted from a strong operating performance from the business. Company unrestricted reserves reached £65.9m, which was in line with the range targeted by the reserves policy.</p>
<p>To continue the on-going programme of investment in the existing homes.</p>	<p>The Company continues to invest significantly in repairs, maintenance and improvements within existing services, to ensure that the environment and facilities in each of our residential homes are maintained in a good state of repair. Plans for the redevelopment of our Sussexdown care home facility now have full planning permission. This will involve significant investment in a new build care home, along with new build assisted living accommodation on site. Post year-end works have also commenced on creating a new ramped access at our Beauchamp House nursing home in Somerset, which will improve our resident experience with a much greater ease of access around the home.</p>

Our objectives for 2024/2025 remain unchanged.

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Strategic report for the year ended 31 March 2024 (continued)

Review of business and developments during the year

The 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 older homes, to include dedicated dementia facilities. Following the closure during the year of our Bath operation, our care at home services now operate out of three dedicated offices, providing services to a range of local authority and NHS commissioners, as well as private clients.

Care South operates 15 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, however our new 50 bed care home, Marjorie House in Poole opened to residents on 4 September 2024, increasing the number of operational care homes up to 16.

The Company owns the freeholds of 14 assisted living houses and apartments at Beauchamp House in Somerset. The Company also owns the reversionary freeholds of 11 assisted living apartments built at Strome Park, Storrington; 18 assisted living apartments and cottages at St Ives Place, Ringwood; 9 apartments at Edward court, Parkstone and 31 assisted living bungalows at Kenwith Castle Gardens, Devon. A further phase of development of an additional 27 assisted living bungalows is currently taking place at Kenwith Meadows, within the grounds of our Kenwith Castle site. The first two plots were sold during February 2023, with a further seven bungalows sold during the year, with the Company retaining the reversionary freeholds. The Pavilion shop, cafe and community facility building was constructed by the developer Chichester Homes and handed over to Care South during September 2023. This provides a great new facility for our growing numbers of assisted living residents on site. At all developments, the properties are either sold on a long leasehold basis or let on short-term tenancy agreements.

The Company 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 for organising the delivery of care at home. Following the closure of the Bath care at home operation in March 2024, the company is now marketing the Bath property for sale.

Care South leases seven care homes: two from housing associations, Fairlawn in Ferndown, and Buxton House in Weymouth and one home, Fern Brook Lodge, from an investment fund. Fremington Manor near Barnstaple is leased from a private company. A further three homes are leased from BCP Council, with the lease on Castle Dene being renewed in October 2022 and extensions to the leases on Dorset House and Elizabeth House currently in solicitors' hands. The Company also leases premises in Crewkerne for organising the delivery of home care.

The Company also owns the freehold interest of the site in Poole, where our new care home, Marjorie House remained under construction as at the year-end, subsequently welcoming our first residents on 4 September 2024. Contracts were exchanged on the purchase of a freehold site in

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Merley during March 2023, with completion taking place during May 2023. Plans to build a 60-bed care home and 40-50 assisted living units are now underway.

Strategic report for the year ended 31 March 2024 (continued)

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. A great deal of focus was given during the year to ensuring that very high rates of training compliance were achieved. Care South continues to utilise funds from the Apprenticeship Levy to invest in the training and development needs of our staff.

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, across all business functions, 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 groups of risks which have been identified are shown in the table below:

Risk	Controls / Mitigation
Reputational damage from lack of continuity of care, negative CQC findings, incidents and complaints.	Strong governance, with regular quality assurance visits to services and monitoring of KPIs. Risk assessments and focus from regional operations managers on services facing challenges. Service improvement plans in all services, reflecting feedback from internal audits, local authority and CQC monitoring visits.
Inadequate financial performance – poor economic climate, reduced occupancy levels or unexpected costs leading to non-compliance with bank covenant measures and lack of funds for investment in services.	Strong budgetary control and close monitoring of key financial KPIs. Focus on effective marketing and adapting service offering to market needs. Close relationship with bank lenders.
Staff recruitment, retention and turnover – higher than normal levels of staff turnover, combined with recruitment challenges creating staffing shortages, impacting service delivery, placing additional pressure on existing staff and over reliance upon agency staff.	Increased resources channelled into recruitment. Mentoring and support for new starters. Reward, recognition, and employee assistance programmes for staff. Regular review of competitiveness of rates of pay in local markets. Sponsorship licence obtained from the Home Office to broaden pool of candidates. Implementation of measures to speed up the recruitment and onboarding process.
Pandemic or similar – potentially impacting the delivery of care, financial and reputational losses.	Strong infection control policies and procedures. Business Continuity Plans and ongoing reference to government guidance. Policies and procedures adapted on a dynamic basis to follow changes in government advice.

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 Company (prior to consideration and approval by the Board) and considers changes to financial policies where necessary.

Strategic report for the year ended 31 March 2024 (continued)

The Board is responsible for safeguarding the assets of the Company 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 Company is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposal;
- proper records are maintained and financial information used within the Company, or for publication, is reliable; and
- the Company 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 Company, 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 made where 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 and their relatives, 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 takes 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 Company 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.

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Strategic report for the year ended 31 March 2024 (continued)

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 care at home clients reflect a mix of local authority commissioned and private fee payers. The Company looks to develop and maintain positive working relationships with local authority commissioners and to 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 14 within our carbon energy reporting statement. The Company has recently introduced 'Our Green Plan' as our next step in ensuring that we operate in a sustainable way.

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. The Company has long established 'HEART Values', embedding the principles of Honesty, Excellence, Approach, Respect and Teamwork in all that we do.

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



Mr Christopher Kean
Chairman
2 October 2024

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Directors' report For the year ended 31 March 2024

The Directors, who are also the Charity's trustees under Charities Law, are pleased to present their report and audited financial statements for Care South for the year ended 31 March 2024. 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 financial statements for 2023-24 represent the results of the Company for the 12 months to 31 March 2024. The principal source of income for the Company is the fees it charges for care services. The beneficiaries of the work of the Company are individuals who are in need of residential or nursing care, respite care, or services from care at home. The Company has contractual arrangements with individuals, local authorities and NHS Integrated Care Boards (ICBs).

The Company offers a range of care services and responds to changing needs of its users by working in partnership with local authority and NHS commissioners to develop and commission quality care services which meet the needs of the communities in which we operate. 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 and future direction of the Company.

The Company expects these principal activities to continue and further information on future developments has been 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 deposits may be held at the following major banks: The Royal Bank of Scotland plc, HSBC plc, NatWest Bank plc and Lloyds Bank plc, as well as with the Company's principal banker, Barclays Bank plc. The value of deposits held with each bank other than Barclays Bank plc will be no more than one third of total cash balances. The Finance Director will allocate funds to approved banks in a way that optimises interest income on deposits, while maintaining a proportion of deposits in at least three separate banks.

It is also current policy that a minimum of £3.0m will be held in bank deposit accounts at any given time.

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Directors' report for the year ended 31 March 2024 (continued)

Policy on reserves

The Board considers annually the appropriate level of reserves to be held considering the requirements of the Company, in conjunction with the guidance issued by the Charity Commission. In determining a Reserves Policy, the Board has 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 and care at homes offices.
- The establishment of sufficient reserves to ensure that the Company 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 Company, 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 2024, this represents a reserves target of between £62.2m and £70.1m, while the actual level of unrestricted reserves held is £65.7m.

Following the strong operating performance seen during recent years, the level of reserves had been slightly in excess the targeted range. However as previously envisaged, reserve levels have now fallen back within the targeted range during 2023-24, following significant capital investment.

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.

Seven Committees report to the Board - Audit, Remuneration, Property and Development, Finance, Care Governance, Chairman's 2020 Fund and Defects Recovery, in order to ensure that the Board is represented across all key areas of the business.

The Board seeks to ensure that:

- Collectively the Board has the specific expertise, commitment and professional experience relevant to the Charity and its strategic development.
- Each Board member has a strong belief in the ethos and values that lie at the heart of Care South.

New Directors are appointed by recommendation from existing Directors or outside stakeholders taking account of the skills and knowledge required, and the need to maintain a diverse and dynamic Board.

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Directors' report for the year ended 31 March 2024 (continued)

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 seven Committees and take an active interest in the affairs of the Company which includes visiting the care homes and home care offices.

Mr Richard Dyson is due to retire by rotation at the forthcoming Annual General Meeting. He is 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 £2,850 (2023: £2,750).

Decision making in the Company

The Directors delegate day to day running of the Company to the Executive Team. Each member of the Executive Team attends and submits a written report at the Board and Committee 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 Company is committed to promoting equality and diversity within the workforce, recognising that everyone comes from a diverse background, with a variety of values and beliefs. Treating everyone as an individual and focusing on each staff member's individual strengths are embedded within the Company's values.

The Company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Employees of the Company 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 Company recognises the importance of good communication and relations with employees and values their contribution to the Company.

Staff Association

All employed staff are members of Care South's Staff Association. Each service has an elected representative and deputy who attends the Association meeting at least twice a year. This 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 Company are regularly reviewed and discussed. Staff Association representatives and deputies are elected at each of the company's care homes, care at home offices and head office. This allows staff representatives to bring forward any issues or concerns in relation to their specific service. Staff representatives are paid an allowance to recognise the responsibilities of the position in representing the views of all staff at their service.

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Directors' report for the year ended 31 March 2024 (continued)

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 Company, thus increasing effectiveness, job satisfaction and engagement.

Employee benefits

The Company enrolls all qualifying staff into a defined contribution pension scheme operated by The Pensions Trust. A small number of staff have alternative pension arrangements in place.

Employee benefits are regularly reviewed in order to ensure that the Company maintains competitive employment packages to attract and retain staff in what has become in recent times an increasingly competitive recruitment market.

Financial risk management – bank loans

The Company has in place appropriate risk management measures that seek to limit the adverse effects of debt service costs on the financial performance of the Company 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 Company on each occasion that it enters into a loan agreement. To date, the Company has entered into eight main loan agreements at a mixture of fixed and floating rates.

Financial risk management – credit risk

The Company 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 Company 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 Company's 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 Company.

Financial risk management – liquidity and cash flow risk

It is Company 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.

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Directors' report for the year ended 31 March 2024 (continued)

Relationships with related parties

The subsidiary companies in the group are dormant and there was no trade during the year. Details of related party transactions are found in note 23.

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.

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

Carbon Energy Reporting

The table below outlines the energy use by the Company during the 2023-24 financial year.

Carbon Energy Reporting 2023-24		Units 2023-24	Units 2022-23
UK Energy Use (KWh)	Electricity	2,752,481	2,754,445
	Gas	8,585,389	9,136,790
	Transport	1,263,555	1,204,297
	Total	12,601,425	13,095,532
Associated Greenhouse Gases Tonnes CO ₂ e	Electricity	570	533
	Gas	1,571	1,668
	Transport	345	335
	Total	2,485	2,535
Intensity Ratio 1 - Tonnes CO ₂ e per FTE Staff member	Electricity	0.56	0.57
	Gas	1.53	1.79
	Transport	0.34	0.36
	Total	2.42	2.71
Intensity Ratio 2 - Tonnes CO ₂ e per Million £ Income	Electricity	9.88	10.65
	Gas	27.22	33.36
	Transport	5.98	6.70
	Total	43.08	50.71

Energy Efficiency Measures Undertaken During the Year

During 2023-24, the Group saw a reduction in energy usage from both electricity and gas, although there was a 5% increase in the use of energy from transport. The increase in the use of energy from transport reflected increased mileage by care at home staff traveling between appointments and supervisory staff supporting the implementation of a new electronic care planning system with visits to our service users homes to review care plans. Work is currently being undertaken to ensure that the scheduling of client visits is optimised, and mileage kept to a minimum.

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Directors' report for the year ended 31 March 2024 (continued)

It was pleasing to note a 6% reduction in gas consumption, with the majority of our sites showing a reduction. This followed on from the 7.5% fall in consumption seen during the previous financial year. Electricity consumption reduced only marginally when compared to last year, although we had seen a reduction of 7% during 2022-23. We continue to invest in a variety of efficiency measures including conversion to LED lighting in our homes and offices, the replacement of older boilers with more energy efficient appliances and the installation of double glazing.

Our energy intensity ratios showed good progress in all areas. The intensity ratios per FTE staff member showed a marginal reduction in electricity usage, but a large 15% reduction in relation to gas consumption. Tonnes of CO₂e from electricity usage were negatively impacted by conversion factors in 2023-24, which while outside of our control saw a 7% effective increase coming from the change in the conversion factor. The gas conversion factor saw little movement, giving a more consistent year on year comparative. Overall the energy intensity per FTE staff member showed a reduction of 10.7%. This reflected the underlying reduction in gas consumption, along with an increase in FTE numbers, as recruitment and staffing returned to a more normalised position.

Intensity ratios based upon income levels showed a significant 15% reduction overall, with electricity, gas and transport all contributing towards the reduction.

The Company has recently introduced a green plan which will see further greater focus on green issues across Care South. The Company is committed to achieve improvements in energy efficiency across our property portfolio, with a range of measures including significant investments in solar technology now being taken forward, which should result in a good level of reduction in electricity consumption.

Methodologies Used in Calculating these Disclosures

Usage of electricity and gas has been provided by our energy broker from meter data. 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.

Going Concern

Given the past, current and forecast performance of the Company, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Company is generating robust financial returns and 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 Company continues to generate both strong positive operating cash-flow and profit levels. Post year-end, the Company has continued to trade profitably and has been seeing increased margin levels. Our forecasts and predictions of the Company's 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,

Care South

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Directors' report for the year ended 31 March 2024 (continued)

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 of the incoming resources and application of resources, including the income and expenditure, of the Company 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;
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors 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

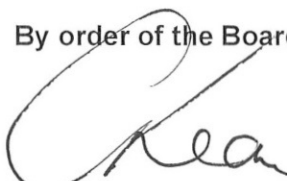
In the case of each Director in office at the date the Directors' report is approved:

- 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



Mr Christopher Kean
Chairman
2 October 2024

Independent Auditor's Report to the Members of Care South

Opinion

We have audited the financial statements of Care South (the 'company') for the year ended 31 March 2024, which comprise the Statement of Financial Activities, Charitable Company Balance Sheet, the 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 company's affairs as at 31 March 2024 and of the net income 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

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Independent Auditor's Report to the Members of Care South

Other information

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

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

We have nothing to report in this regard.

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 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; 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 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 which had a material impact on the accounts.
- 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.

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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. 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.

Signed by:

Duncan Leslie

.....46B3EDEBE022494.....

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

Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

04 October 2024

Date:.....

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**Statement of financial activities (including income and expenditure account)
for the year ended 31 March 2024**

	Note	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total 2024 £000	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000
Income from:							
Charitable activities	4	55,667	16	55,683	49,069	16	49,085
Investment income		1,138	-	1,138	543	-	543
Other income	5	600	-	600	357	-	357
Donations and legacies		300	-	300	-	-	-
Total income		57,705	16	57,721	49,969	16	49,985
Expenditure							
Expenditure on charitable activities	6	52,299	58	52,357	46,013	31	46,044
Total expenditure		52,299	58	52,357	46,013	31	46,044
Net income	9	5,406	(42)	5,364	3,956	(15)	3,941
Transfers		16	(16)	-	16	(16)	-
Gains / (losses) on investments		388	-	388	(647)	-	(647)
Net movements in funds		5,810	(58)	5,752	3,325	(31)	3,294
Fund balances brought forward at 1 April		60,117	268	60,385	56,792	299	57,091
Fund balances at 31 March		65,927	210	66,137	60,117	268	60,385

The company 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.

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Balance Sheet as at 31 March 2024

Company No 02565033	Note	2024 £000	2023 £000
Fixed assets			
Intangible assets	11	33	126
Tangible assets	12	50,291	43,613
Investments	13	12,509	11,915
Total fixed assets		62,833	55,654
Current assets			
Stock	14	2	-
Debtors	15	3,340	4,142
Cash at bank and in hand		17,916	19,334
Total current assets		21,258	23,476
Creditors: amounts falling due within one year	16	(14,038)	(12,671)
Net current assets		7,220	10,805
Total assets less current liabilities		70,053	66,459
Creditors: amounts falling due after more than one year	17	(3,916)	(6,074)
Total net assets		66,137	60,385
The funds of the charity			
Restricted income funds	19	210	268
Unrestricted income funds			
Designated funds	20	47,620	38,878
General funds	20	18,307	21,239
Total unrestricted income funds		65,927	60,117
Total charity funds		66,137	60,385

The financial statements on pages 21 to 40 were approved by the Board of Directors on 2 October 2024 and were signed on its behalf by:


Christopher Kean
Chairman


Charles Hunter
Vice Chairman

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Statement of Cash Flows for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Net cash provided by operating activities	24	8,657	6,139
Cash flow from investing activities			
Purchase of tangible fixed assets		(8,418)	(3,534)
Purchase of intangible fixed assets		-	-
Proceeds from the sale of tangible fixed assets		-	-
Purchase of financial investments		(207)	(3,130)
Dividends received		136	114
Interest received		1,002	429
Net cash used in investing activities		(7,487)	(6,121)
Cash flow from financing activities			
Loan interest paid		(447)	(355)
Receipt of bank loan		-	-
Loan capital repaid		(2,141)	(2,139)
Net cash used in financing activities		(2,588)	(2,494)
Net change in cash and cash equivalents		(1,418)	(2,476)
Cash and cash equivalents at the beginning of the year		19,334	21,810
Cash and cash equivalents at the end of the year		17,916	19,334

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Notes to the financial statements for the year ended 31 March 2024

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 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 15.

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

Group financial statements

Group accounts have not been prepared. The financial statements contain information about Care South as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt from preparing group accounts on the basis that the subsidiary undertakings are dormant and immaterial.

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

3 Statement of accounting policies – continued

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.

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.

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:

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.

Stock

Stock is stated at the lower of cost and net realisable value.

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.

3 Statement of accounting policies - continued**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 Company 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 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.

Operating leases

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

Financial instruments

The Company 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, 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.

3 Statement of accounting policies - continued

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 company 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.

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 debtor, the ageing profile of receivables and historical experience. See note 15 for more details.

Useful economic life of assets:

The carrying value of tangible fixed assets at 31 March 2024 (note 12), 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 24.

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 12 for more details.

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4 Income from charitable activities

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total 2024 £000	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000
Residential care services	50,911	16	50,927	43,948	16	43,964
Care at home services	4,756	-	4,756	5,121	-	5,121
	55,667	16	55,683	49,069	16	49,085

5 Other income

	2024 £000	2023 £000
Insurance claims	5	85
Grant income	16	-
Sundry income	579	272
	600	357

6 Expenditure on charitable activities

	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total 2024 £000	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000
Residential care	42,428	48	42,476	36,129	31	36,160
Care at home	4,445	-	4,445	4,338	-	4,338
Support costs	4,490	10	4,500	4,651	-	4,651
Other costs	489	-	489	540	-	540
Interest payable on bank loans	436	-	436	464	-	464
Losses / (gains) on derivative financial instruments	11	-	11	(109)	-	(109)
	52,299	58	52,357	46,013	31	46,044

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7 Directors' emoluments and key management compensation

Travel expenses of £1,977 were paid to Directors during the year (2023: £1,553). No emoluments are payable to the Directors (2023: £nil).

Key management compensation

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

	2024 £000	2023 £000
Salaries and other short-term benefits	905	811
Post-employment benefit	73	59
Total compensation	978	870

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

	2024 Number	2023 Number
£100,001 - £110,000	-	2
£110,001 - £120,000	3	2
£150,001 - £160,000	1	1
£160,001 - £170,000	1	-
£190,001 - £200,000	-	-
£200,001 - £210,000	-	1
£210,001 - £220,000	1	-
	6	6

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8 Employee information

The average number of people employed by the Company in the financial year was 1,310 (2023: 1,241). This equates to the following average monthly number of full-time equivalent persons (including senior executives) employed by the Company during the year:

	2024 Number	2023 Number
By activity		
Management, administration and support	133	127
Supervisors	115	118
Care, catering, domestic and maintenance	777	689
	1,025	934
	2024 £000	2023 £000
Staff costs (for the above persons)		
Wages and salaries	27,062	23,450
Social security costs	2,276	1,990
Other pension costs	714	639
	30,052	26,079

Staff numbers have been reported on the basis of full time equivalent hours. In addition, temporary staff costs of £3,533,000 (2023: £4,972,000) were incurred for holiday cover, sickness, and staff shortages.

9 Net income

	2024 £000	2023 £000
Net income is stated after charging:		
Depreciation for the year:		
- Tangible fixed assets	1,730	1,601
- Intangible owned fixed assets	93	117
Operating leases - land and buildings	2,004	1,818
Profit/(loss) on disposal of fixed assets	(10)	-
Fees payable to the Company's auditors for the audit of the Company's financial statements	43	40
Fees payable to the Company's auditors for other services	88	78

10 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.

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11 Intangible assets

	Software	Total
	£000	£000
Cost		
At 1 April 2023	634	634
Additions	-	-
Transfers	-	-
Disposals	-	-
At 31 March 2024	634	634
Accumulated amortisation		
At 1 April 2023	508	508
Charge for the year	93	93
Disposals	-	-
At 31 March 2024	601	601
Net book value		
At 31 March 2024	33	33
At 31 March 2023	126	126

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12 Tangible assets

	Land and Buildings £000	Assets Under Con- struction £000	Short Leasehold Improve- ments £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
Cost					
At 1 April 2023	41,187	6,548	252	8,041	56,028
Additions	315	7,267	-	836	8,418
Transfers	-	(20)	-	20	-
Disposals	-	-	-	(511)	(511)
At 31 March 2024	41,502	13,795	252	8,386	63,935
Accumulated depreciation					
At 1 April 2023	6,604	-	246	5,565	12,415
Charge for the year	796	-	1	933	1,730
Eliminated on disposal	-	-	-	(501)	(501)
At 31 March 2024	7,400	-	247	5,997	13,644
Net book value					
At 31 March 2024	34,102	13,795	5	2,389	50,291
At 31 March 2023	34,583	6,548	6	2,476	43,613

Included within Land and Buildings net book value are freehold land and buildings of £15,159,000 (2023: £15,166,000), leasehold buildings on a 999 year lease £183,000 (2023: £187,000), buildings where the land is held on a 125 year operating lease of £13,277,000 (2023: £13,647,000) and buildings where land is held on a 150 year operating lease of £5,483,000 (2023: £5,583,000)

The net book value of capitalised finance costs is £68,000 (2023: £70,000) which is included within land and buildings.

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13 Investments

	Company 2024 £000	Company 2023 £000
Shares in group undertakings	2,871	2,871
Listed investments	9,638	9,044
	12,509	11,915

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.

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

Beauchamp House Nursing Home Limited (Company number 01124433)

Two Rivers Investments Limited (Company number 05139871)

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

At the balance sheet date, Beauchamp House Nursing Home Limited has reserves of £406,000 and Two Rivers Investments Limited has reserves of £2,465,000.

Other investments	2024 £000	2023 £000
Listed Investments	9,638	9,044

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 2024.

14 Stock

	Company 2024 £000	Company 2023 £000
Goods for resale	2	-
	2	-

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15 Debtors

	2024 £000	2023 £000
Amounts falling due within one year:		
Trade debtors	1,792	2,195
Other debtors	74	67
Prepayments and accrued income	1,474	1,880
	3,340	4,142

Trade debtors are stated after provision for impairment of £264,000 (2023: £252,000).

16 Creditors: amounts falling due within one year

	2024 £000	2023 £000
Bank loans	2,138	2,138
Trade creditors	4,860	4,069
Amounts owed to subsidiary undertakings	2,871	2,871
Other creditors	492	471
Taxation and social security	454	379
Accruals and deferred income	3,223	2,743
	14,038	12,671

Amounts owed to subsidiary undertakings are unsecured, interest free and are repayable on demand.

	2024 £000	2023 £000
Deferred income at 1 April 2023	478	369
Resources deferred in year	460	462
Amounts released from previous periods	(462)	(353)
Deferred income at 31 March 2024	476	478

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17 Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Bank loans	3,393	5,534
Accruals	506	517
Deferred income	32	49
Derivative financial instruments	(15)	(26)
	3,916	6,074

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 £2,994,000 (2023: £4,166,000). Loans with variable interest of base plus 2.25% total £1,140,000 (2023: £1,710,000). Loans with variable interest of base plus 2% total £1,397,000 (2023: £1,796,000). Each loan is secured on the property it was raised against.

Maturity of bank loans

	2024 £000	2023 £000
In one year or less	2,138	2,138
In more than one year, but not more than two years	1,824	2,138
In more than two years, but not more than five years	1,569	3,396
In more than five years	-	-
	5,531	7,672

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18 Financial Instruments

	2024 £000	2023 £000
Financial assets measured at amortised cost		
- Stock	2	-
- Trade debtors	1,792	2,195
- Accrued income	799	1,245
- Other debtors	74	67
Financial assets at fair value through income and expenditure		
- Listed investments	9,638	9,044
Financial assets	12,305	12,551
Financial liabilities measured at amortised cost		
- Trade creditors	4,860	4,069
- Bank loans	5,531	7,672
- Amounts owed to subsidiary undertakings	2,871	2,871
- Accruals	3,252	2,782
- Other creditors	492	471
Financial liabilities measured at fair value through income and expenditure		
- Derivative financial instruments	(15)	(26)
Financial liabilities	16,991	17,839

Derivative financial instruments

The Company 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 Company'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.

Following the cessation of LIBOR, the interest rates swaps were amended to reference the Bank of England base rate during 2022.

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19 Restricted income funds

	Sussexdown Legacy	Maiden Castle Build	Total £000
At 1 April 2023	207	61	268
Income	-	16	16
Transfers	-	(16)	(16)
Expenditure	(42)	(16)	(58)
At 31 March 2024	165	45	210

The balance of restricted funds at the balance sheet date represents a restricted legacy gifted to Sussexdown, 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 £29,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

20 Unrestricted income funds

	Designated Funds £000	General Funds £000	Total £000
At 1 April 2023	38,878	21,239	60,117
Transfer from restricted funds	-	16	16
Transfer	8,742	(8,742)	-
Income	-	57,705	57,705
Expenditure	-	(52,299)	(52,299)
Unrecognised gains	-	388	388
At 31 March 2024	47,620	18,307	65,927

Designated funds represent the value of tangible and intangible fixed assets. A transfer has been made from general funds so that designated funds equal the value of fixed assets after taking account of external financing. Listed investments are included within general funds.

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21 Analysis of net assets between funds

	Designated Funds £000	Restricted Funds £000	General Funds £000	Total 2024 £000
Fixed assets	53,151	45	9,637	62,833
Current assets	-	165	21,093	21,258
Current liabilities	(2,138)	-	(11,900)	(14,038)
Long term liabilities	(3,393)	-	(523)	(3,916)
Total Net Assets	47,620	210	18,307	66,137

22 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 £19,000 (2023: £19,000) and £695,000 (2023: £620,000) respectively. Contributions of £3,000 (2023: £2,000) and £127,000 (2023: £112,000) were owed to the schemes respectively at the end of the year.

23 Related parties transactions

The Company had the following balances outstanding with its wholly owned subsidiaries at 31 March 2024:-

- £406,000 owed to Beauchamp House Nursing Home Ltd (2023: £406,000)
- £2,465,000 owed to Two Rivers Investments Ltd (2023: £2,465,000)

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

	2024 £000	2023 £000
Net income (before other recognised gains and losses)	5,364	3,941
Depreciation	1,730	1,601
Amortisation	93	117
Dividends received	(136)	(114)
Interest received	(1,002)	(429)
Interest expensed	448	355
(Profit)/loss on disposal of fixed assets	10	-
Increase in stock	(2)	-
Decrease/(increase) in debtors	802	(634)
Increase/(decrease) in creditors	1,350	1,302
Net cash provided by operating activities	8,657	6,139

25 Capital commitments

The Company has entered into contracts for building works at our Beauchamp House property, along with a new build development, Marjorie House in Poole. Capital commitments at the balance sheet date in relation to these contracts total £3.3m (2023: £8.9m).

26 Contingent liabilities

The Company has no material contingent liabilities at 31 March 2024 (2023: £nil).

27 Post balance sheet events

There are no post balance sheet events at 31 March 2024.

28 Financial commitments

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

	2024 Land & Buildings £000	2023 Land & Buildings £000
Within one year	2,041	1,805
Within 2 to 5 years	7,073	6,563
After 5 years	43,111	42,190

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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 funds

	At 1 April 2023 £'000	Cash flows £'000	At 31 March 2024 £'000
Cash and cash equivalents			
Cash	19,334	(1,418)	17,916
	19,334	(1,418)	17,916
Borrowings			
Debt due within one year	(2,138)	-	(2,138)
Debt due after one year	(5,534)	2,141	(3,393)
	(7,672)	2,141	(5,531)
Total	11,662	723	12,385