

Care South
(Company limited by guarantee)
Annual Report and Financial Statements
for the year ended 31 March 2025

Care South

Annual report for the year ended 31 March 2025

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Care South

Legal and administrative information

Directors

Mr Christopher Kean FCA +*#~\
Chair

Mr Charles Hunter FRICS +#\n
Vice Chair

Mrs Mary Brice \$

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

Mr Richard Dyson *#\n

Ms Sarah Philbrick +*

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

Mrs Jane Stichbury CBE QPM DL \$

Mr Martin R Thomas +#\n
 (Appointed 2 January 2025)

Mr Geoffrey Warde MBE +*#~\
 -

+ Member of the Finance & Audit
 Committee

* Member of the Remuneration
 Committee

Member of the Property &
 Development Committee

\$ Member of the Care Governance
 Committee

~ Member of the Defects Recovery
 Committee

\ Member of the Care South Community
 Fund Committee

Executive Team

Simon Bird MRICS
 Chief Executive Officer

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

Nicholas Fry BA (Hons) MRICS
 Property Director
 (Retired 31 May 2025)

Martin Ross
 Director of Care at Home

Margaret Searle MCIPD
 Director of Human Resources & 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 2025

The Directors present their strategic report for the year ended 31 March 2025.

Financial overview and future developments

Company incoming resources increased by 8.4%, compared with the previous year, up to £62.5m (2024: £57.7m). Income from charitable activities increased by £4.5m (8.2%) overall, while other income increased by £0.7m up to £1.3m. In residential care, a combination of improvement in occupancy levels and higher average fee rates resulted in positive development of income levels. Within our care at home services, the volume of billed hours fell by 19%, resulting in a 13.5% reduction in income levels, which was due to the closure of our Bath office in March 2024. Increases in other income largely reflected an increased number of property sales plot fees at our assisted living development in North Devon. Investment income showed some small reduction, reflecting the downwards trajectory on interest rates on cash balances held.

The Company's total expenditure increased by £1.1m and 2.0% up to £53.4m. The increase in expenditure was much more modest than the uplift in income levels, which in part reflected the reduced activity level in care at home, where cost levels were £0.8m lower than the previous year. In residential care, expenditure increased by £2.1m and 4.6%, driven by increases in staff pay rates, following the 9.8% uplift to the National Minimum Wage implemented in April 2024. Cost levels in other areas saw more modest rates of increase, while it was pleasing to see a £0.3m reduction in energy costs, with pricing having eased from its peak. While current year expenditure included provisions of £1.6m relating to care home closures, much of this was offset by a reduced level of non-routine expenditure in respect of care home properties, which fell from £3.0m during 2023-24, down to £1.4m in the current financial year.

The Company reported a net income before other recognised gains and losses of £9.1m (2024: £5.4m). The increase of £3.7m largely reflected the improvement in occupancy, fee income levels and margins in residential care.

After other recognised gains and losses, which were minor this financial year, the Company reported a Net Movement in Funds of £9.1m (2024: £5.8m). The surplus for the year has been added to reserves. Although benefitting from a healthy increase of £9.1m, up to a level of £75.2m, reserve levels ended slightly outside of the range targeted within the reserves policy. This reflected capital investments of over £15m being made during the year, without taking on any additional debt finance. Further information on reserves policy is shown on page 12.

The Company Balance sheet remains strong, with £12.8m held in cash reserves and a further £9.8m of liquid investments. Over recent years, the level of debt finance has reduced significantly, with our historic portfolio of loans approaching the end of repayment periods. The Company has a strong portfolio of largely unencumbered assets against which borrowings could be secured in future, should the need arise to do so.

Strategic report for the year ended 31 March 2025 (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 2024-25

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 2024-25 and our assessment of the achievement and success against each of these objectives.

**Strategic report
for the year ended 31 March 2025 (continued)**

Objective	Achievement
<p>To deliver quality care services which meet all relevant regulations and are rated at least "Good" by CQC.</p>	<p>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.</p> <p>Currently all of the Care South services both in residential care and care at home are rated at least "Good" by CQC, which is well above the national average of 82%. We saw an increase in inspection activity from CQC during 2024-25, with five of our care homes being inspected. All of those inspections resulted in the care homes being rated as Good in all areas.</p> <p>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. An updated and improved electronic medication system was also implemented within residential care during the year.</p>
<p>To attract, train, develop and retain engaged staff to deliver quality care services.</p>	<p>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 start to decrease last year, it was pleasing to see further improvement during the current financial year. We have continued to invest in fair rates of pay and have seen significantly lower vacancy rates, along with a substantial £1.2m and 34% reduction in agency staff spend year-on-year.</p> <p>During the year we moved forward with our Dementia Care Coach program, with staff within each of our care services receiving intensive and comprehensive training, to equip our coaches with specialist knowledge and skills. Each coach is now working closely with colleagues and relatives to further develop the best care practices for enhancing the wellbeing of residents and care at home clients living with dementia.</p>
<p>To expand and develop a range of services to meet the needs primarily of older people, but not excluding other age ranges.</p>	<p>Focus has been given during the year to enhancing the service given to residents and clients living with Dementia, with investment in both staff training and improvements in environment. In care at home, growth within the private market has been targeted, while we are looking to expand the geographical scope and volume of billed hours within our D2A contracts in Somerset.</p>

**Strategic report
for the year ended 31 March 2025 (continued)**

<p>To enhance the property portfolio of the Charity to provide security for the future.</p>	<p>The Company celebrated the opening of our spectacular new care home Marjorie House in Poole, welcoming the first residents on 4 September 2024. The stunning design and location of the art deco style home will be a much valued asset for the local community and provides a great environment from which to provide the trademark Care South person-centred compassionate care. The home has been well received and is attracting a good number of admissions, each receiving a very high quality of care.</p> <p>Good progress was also made in advancing our proposals for a new 62-bed care home and 48 assisted living apartments, on a site at Queen Anne Drive in Merley, we had purchased in 2023. The planned development includes associated communal facilities, along with green open spaces and high quality landscaping. A full planning application was submitted post year-end during July 2025. The planned development follows the care village concept, creating a vibrant community and providing a great new facility to the local area.</p>
<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. Within residential care, we entered into new block bed contract arrangements with the BCP local authority, covering three of our local care homes, enhancing our offering within the publicly funded area of the market and helping to facilitate continuity of care for our privately funded residents whose funds become depleted. Post year-end the arrangement has been expanded to cover a fourth care home.</p> <p>Within care at home, we saw some small reduction in overall block contract activity during the course of the year but are currently in the process of retendering for the D2A contract at our Somerset office. This is our largest block contract and the retender involves, covering a wider geography than we do now, which would result in an increase in block hours of over 50%.</p>
<p>To remain financially viable and hold reserves in line with our reserves policy.</p>	<p>During the year, Company reserves increased by £9.1m, after absorbing £1.4m of non-routine costs in relation to the repair property defects and after charging costs of £1.6m relating to restructuring provisions, for the closure of our Fremington Manor and Sussexdown care homes. The increase in reserves resulted from a strong operating performance from the business. Company unrestricted reserves increased up to £75.1m. This was marginally outside of the range targeted by the reserves policy. Further information on reserves policy is given within the Directors' report on page 12.</p>

Strategic report for the year ended 31 March 2025 (continued)

<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, conducive to high standards of care, and resident expectations.</p> <p>During the year, we received full planning permission for the redevelopment of our care home in Storrington, West Sussex, along with the construction of a further 37 assisted living apartments on site. The closure process for the existing care home was initiated in March 2025 and completed post year-end, with the site handed over to our main contractors during June 2025, for the redevelopment to commence. This flagship development will be completed over the next 3-years, with the new care home anticipated to open during summer 2028.</p> <p>Significant works at our Beauchamp House nursing home in Somerset, were completed during the year, including a new ramped access, which will improve our resident experience with a much greater ease of access around the home. Works have also been carried out throughout the portfolio to ensure that the highest standards of fire safety are being met.</p>
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Our objectives for 2025/2026 remain unchanged.

Review of business and developments during the year

The Statement of Financial Activities for the year is set out on page 23. 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.

Over the years, Care South has expanded its range of care services, operating care homes 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. 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 started the year operating 15 residential care homes, which increased to 16, following the opening of our newly developed Marjorie House in Poole, during September 2024. Our Fremington Manor nursing home, near Barnstaple in North Devon was closed during March 2025, following the discovery of some challenges with the condition of the Grade 2* Listed Building. Our Sussexdown nursing home in Storrington, West Sussex was closed post year-end at the end of April 2025 for a planned redevelopment of the site, leaving 14 operational care homes. A number of these services offer dedicated dementia units, while 1 currently provides nursing care.

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

**Strategic report
for the year ended 31 March 2025 (continued)**

at Kenwith Castle Gardens, Devon. A further phase of development of an additional 27 assisted living bungalows has now been completed at Kenwith Meadows, within the grounds of our Kenwith Castle site, all but three of which had been sold on long leaseholds by the balance sheet date, with the Company retaining the reversionary freeholds. A further 8 assisted living cottages, along with the Pavilion shop, cafe and community facility building also operates from this site, with Care South owning the freehold. At all developments, the properties are either sold on a long leasehold basis or let on short-term tenancy agreements.

The Company owns ten care homes: Talbot View and Wickmeads in Bournemouth, Alexandra House and Marjorie House in Poole, St Ives House near Ringwood, Maiden Castle House in Dorchester, Sussexdown in Storrington, West Sussex (now under development), Beauchamp House in Hatch Beauchamp, Somerset, and Kenwith Castle near Bideford, North Devon. The freehold of Fern Brook Lodge in Gillingham, North Dorset was acquired from an investment fund during December 2024. The Company 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 marketed the Bath property for sale, with a buyer being secured and completion of the sale taking place during July 2025. The Company also owns the freehold of a site at Queen Anne Drive in Merley, where a planning application for the development of a 62 bed care home and 48 assisted living units was submitted during July 2025.

Care South leases six care homes: two from housing associations, Fairlawn in Ferndown, and Buxton House in Weymouth. Fremington Manor near Barnstaple (now closed) 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 agreed during the year. The Company also leases premises in Crewkerne for organising the delivery of home care.

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. Very high rates of training compliance continue to be 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:

**Strategic report
for the year ended 31 March 2025 (continued)**

Risk	Controls / Mitigation
Staff retention and turnover – general market conditions and sector challenges creating staffing shortages, impacting service delivery, placing additional pressure on existing staff and over reliance upon agency staff.	Staff turnover rates have been improving. Adequate 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. Implementation of measures to speed up the recruitment and onboarding process.
Reputational damage and negative commercial impact from lack of continuity of care, negative CQC findings, incidents and complaints.	Strong local leadership and shift management. Robust governance, with increased frequency of 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 operational and financial leadership. Close monitoring of key financial KPIs and trends, with quick action to identify and counteract any negative developments. Focus on effective marketing and tailoring service offering to market needs. Strong balance sheet position and close relationship with bank lenders.
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.

During the year, the Board decided to combine the Finance Committee and the Audit Committee into a single Finance and Audit Committee. The 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 Committee also 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 2025 (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 Chair 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.

**Strategic report
for the year ended 31 March 2025 (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

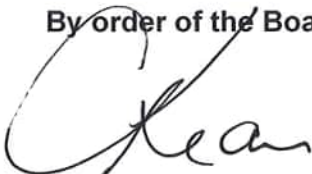
We aim that all of the services operated by the Company are integrated within and enhance the local communities in which they operate. Establishing and nurturing local community links are a key element in the successful operation of our care homes, as we draw the majority of our residents and staff from 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 15 within our carbon energy reporting statement. The Company has introduced and now embedded '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 Chair 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
Chair

1 October 2025

Directors' report For the year ended 31 March 2025

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 2025. 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 2024-25 represent the results of the Company for the 12 months to 31 March 2025. 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 £5.0m will be held in bank deposit accounts at any given time.

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Directors' report for the year ended 31 March 2025 (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 2025, based upon reported expenditure levels, this represents a reserves target of between £77.8m and £86.7m, while the actual level of unrestricted reserves held is £75.1m.

The current reserves policy has been in place since the 2017-18 financial year and since that time, the level of reserves held has been within or above the range targeted by the policy. Reserves fall outside of the targeted range this year is due to the lower and upper targets increasing by £15.6m and £15.7m respectively, during the current financial year, while the level of reserves has increased by £9.1m. The target has increased so extensively, as the Company expended over £15m in capital expenditure projects during the year, while taking out no new loan finance and continuing to pay off existing debt. Had the Company taken on new loan finance of £3m, then the level of reserves held would have been within the targeted range.

While the core objectives of the reserves policy will remain unchanged, further review of the policy will take place during the 2025-26 financial year, to ensure that the translation of those core objectives into the targeted level of reserves adequately reflects the significant changes to the level of capital investments now being undertaken by the Company and the profile of debt finance.

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.

Six Committees report to the Board – Finance and Audit, Remuneration, Property and Development, Care Governance, Care South Community Fund and Defects Recovery, in order to ensure that the Board is represented across all key areas of the business.

**Directors' report
for the year ended 31 March 2025 (continued)**

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.

New Directors are interviewed by the Chair 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 six Committees and take an active interest in the affairs of the Company which includes visiting the care homes and home care offices.

Dr Adrian Rozkovec 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.

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.

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Directors' report for the year ended 31 March 2025 (continued)

Staff Association

All employed staff are members of Care South's Staff Association. Each service has an elected representative and deputy who attend 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.

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. Currently, 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.

Directors' report for the year ended 31 March 2025 (continued)

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.

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 is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes. 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 2024-25 financial year.

Carbon Energy Reporting 2024-25		Units 2024-25	Units 2023-24
UK Energy Use (KWh)	Electricity	2,854,822	2,752,481
	Gas	8,947,394	8,585,389
	Transport	1,109,616	1,263,555
	Total	12,911,832	12,601,425
Associated Greenhouse Gases Tonnes CO ₂ e	Electricity	591	570
	Gas	1,636	1,570
	Transport	305	345
	Total	2,532	2,485
Intensity Ratio 1 - Tonnes CO ₂ e per FTE Staff member	Electricity	0.57	0.55
	Gas	1.58	1.53
	Transport	0.29	0.34
	Total	2.44	2.42
Intensity Ratio 2 - Tonnes CO ₂ e per Million £ Income	Electricity	9.45	9.88
	Gas	26.17	27.22
	Transport	4.87	5.98
	Total	40.49	43.08

**Directors' report
for the year ended 31 March 2025 (continued)***Energy Efficiency Measures Undertaken During the Year*

During 2024-25, the Group saw some increase in electricity and gas consumption, reflecting an increase in scale of activity, with our new care home, Marjorie House opening in September 2024. Energy usage from transport saw a reduction of 12%, which in part reflected the closure of our Bath care at home office in March 2024, with related reduction in care staff mileage for travelling between clients.

In terms of electricity consumption, 2024-25 saw the commencement of a program to install solar panels on a number of our care homes, with Buxton House, Fairlawn and Maiden Castle House all seeing systems going live during October 2024. While past the peak generation season, we still saw some good reduction in consumption levels at these sites and will see the full benefits of the investments during 2025-26. Overall electricity unit consumption increased by 3%, driven by our new care home, Marjorie House opening during September 2024. The home has solar panels installed to minimise consumption from the national grid. We also saw a notable increase in consumption at our Beauchamp House nursing home, being the reversal of a previous reduction in consumption, due to extensive renovation works seeing the phased closure of parts of the home.

Gas consumption also increased by 3% overall, again due to new usage at Marjorie House and increased consumption at Beauchamp House. Excluding these activity related increases, consumption fell elsewhere across the portfolio for the third year in a row. We continue to invest in other energy efficiency measures, including upgrading our gas fired heating and hot water systems with energy efficient boilers and modern heating controls, as well as procuring more energy efficient appliances when replacement becomes due. Investments have also been made in upgraded glazing.

Our energy intensity ratios showed some mixed progress this year. Tonnes of CO₂e per FTE staff member increased overall, albeit by less than 1%. This reflected that while the scale of activity within residential care grew during the year, activity in care at home fell, following the closure of our Bath office. As care at home is the most staff intensive area of the business, the increase in FTE numbers over the prior year was disproportionately small, in relation to the overall increase in activity. Improved staffing efficiency within residential care has also impacted this measure. When measured in terms of Tonnes of CO₂e per Million £ income, intensity showed a more representative 7.6% reduction overall, reflective of the energy efficiency measure we have been taking across our portfolio of homes. Intensity of energy usage from all three sources, demonstrated good improvement using this ratio.

The Company continues to move forward with the green plan which was introduced last year and post year-end has completed further solar panel installations at our Fern Brook Lodge, Talbot View and Kenwith Castle care homes.

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.

**Directors' report
for the year ended 31 March 2025 (continued)****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. 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, 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.

Directors' report for the year ended 31 March 2025 (continued)

Statement of disclosure of information to auditors

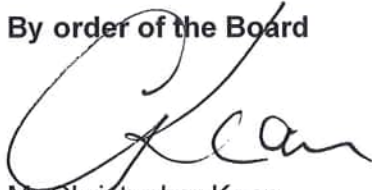
In the case of each Director in office at the date the Directors' report is approved:

- 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
Chair
1 October 2025

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 2025, 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 2025 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.

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 17, 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
- Reviewed Board minutes.

Care South

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

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

Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

Date: 03 October 2025
.....

Statement of financial activities (including income and expenditure account) for the year ended 31 March 2025

	Note	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total 2025 £000	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total 2024 £000
Income from:							
Charitable activities	4	60,206	16	60,222	55,667	16	55,683
Investment income		1,060	-	1,060	1,138	-	1,138
Other income	5	1,259	-	1,259	600	-	600
Donations and legacies		-	-	-	300	-	300
Total income		62,525	16	62,541	57,705	16	57,721
Expenditure							
Expenditure on charitable activities	6	53,372	55	53,427	52,299	58	52,357
Total expenditure		53,372	55	53,427	52,299	58	52,357
Net income	9	9,153	(39)	9,114	5,406	(42)	5,364
Transfers		16	(16)	-	16	(16)	-
(Losses) / gains on investments		(10)	-	(10)	388	-	388
Net movements in funds		9,159	(55)	9,104	5,810	(58)	5,752
Fund balances brought forward at 1 April		65,927	210	66,137	60,117	268	60,385
Fund balances at 31 March		75,086	155	75,241	65,927	210	66,137

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.

Balance Sheet as at 31 March 2025

Company No 02565033	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	11	-	33
Tangible assets	12	63,388	50,291
Investments	13	12,719	12,509
Total fixed assets		76,107	62,833
Current assets			
Stock	14	1	2
Debtors	15	3,927	3,340
Cash at bank and in hand		12,823	17,916
Total current assets		16,751	21,258
Creditors: amounts falling due within one year	16	(13,897)	(14,038)
Net current assets		2,854	7,220
Total assets less current liabilities		78,961	70,053
Creditors: amounts falling due after more than one year	17	(2,076)	(3,916)
Provisions for liabilities			
Other provisions	18	(1,644)	-
Total net assets		75,241	66,137
The funds of the charity			
Restricted income funds	20	155	210
Unrestricted income funds			
Designated funds	21	62,841	47,620
General funds	21	12,245	18,307
oCT			
Total unrestricted income funds		75,086	65,927
Total charity funds		75,241	66,137

The financial statements on pages 23 to 42 were approved by the Board of Directors on 1 October 2025 and were signed on its behalf by:


Christopher Kean
Chair


Charles Hunter
Vice Chair

Statement of Cash Flows for the year ended 31 March 2025

	Note	2025 £000	2024 £000
Net cash provided by operating activities	25	11,718	8,657
Cash flow from investing activities			
Purchase of tangible fixed assets		(15,193)	(8,418)
Purchase of financial investments		(220)	(207)
Dividends received		147	136
Interest received		912	1,002
Net cash used in investing activities		(14,354)	(7,487)
Cash flow from financing activities			
Loan interest paid		(316)	(447)
Loan capital repaid		(2,141)	(2,141)
Net cash used in financing activities		(2,457)	(2,588)
Net change in cash and cash equivalents		(5,093)	(1,418)
Cash and cash equivalents at the beginning of the year		17,916	19,334
Cash and cash equivalents at the end of the year		12,823	17,916

Care South

Notes to the financial statements for the year ended 31 March 2025

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 17.

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.

Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable, and a reliable estimate can be made. Provisions are measured as the best estimate of the amount required to settle the obligation, considering the related risks and uncertainties, and the related increases are recognised in the Statement of Financial Activity.

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 2025 (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 26.

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.

Closure costs provision:

The company makes an estimate of the amount required to settle any obligations based upon analysis of related risk and uncertainties. See note 18 for more details.

Care South

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4 Income from charitable activities

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total 2025 £000	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total 2024 £000
Residential care services	56,096	16	56,112	50,911	16	50,927
Care at home services	4,110	-	4,110	4,756	-	4,756
	60,206	16	60,222	55,667	16	55,683

5 Other income

	2025 £000	2024 £000
Insurance claims	49	5
Grant income	14	16
Assisted living plot sale and assignment fees	921	432
Sundry income	275	147
	1,259	600

6 Expenditure on charitable activities

	Unrestricted funds 2025 £000	Restricted funds 2025 £000	Total 2025 £000	Unrestricted funds 2024 £000	Restricted funds 2024 £000	Total 2024 £000
Residential care	44,385	47	44,432	42,428	48	42,476
Care at home	3,619	-	3,619	4,445	-	4,445
Support costs	4,544	8	4,552	4,490	10	4,500
Other costs	509	-	509	489	-	489
Interest payable on bank loans	301	-	301	436	-	436
Losses / (gains) on derivative financial instruments	14	-	14	11	-	11
	53,372	55	53,427	52,299	58	52,357

7 Directors' emoluments and key management compensation

Travel expenses of £1,026 were paid to Directors during the year (2024: £1,977). No emoluments are payable to the Directors (2024: £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:

	2025 £000	2024 £000
Salaries and other short-term benefits	973	905
Post-employment benefit	78	73
Total compensation	1,051	978

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

	2025 Number	2024 Number
£60,001 - £70,000	13	10
£70,001 - £80,000	3	5
£80,001 - £90,000	5	1
£100,001 - £110,000	2	3
£110,001 - £120,000	1	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	1
£160,001 - £170,000	1	-
£190,001 - £200,000	-	1
£210,001 - £220,000	1	-
	27	22

8 Employee information

The average number of people employed by the Company in the financial year was 1,287 (2024: 1,310). This equates to the following average monthly number of full-time equivalent persons (including senior executives) employed by the Company during the year:

	2025 Number	2024 Number
By activity		
Management, administration and support	136	133
Supervisors	103	115
Care, catering, domestic and maintenance	799	777
	1,038	1,025
	2025 £000	2024 £000
Staff costs (for the above persons)		
Wages and salaries	28,929	27,062
Social security costs	2,606	2,276
Other pension costs	763	714
	32,298	30,052

Staff numbers have been reported on the basis of full time equivalent hours. In addition, temporary staff costs of £2,315,000 (2024: £3,533,000) were incurred for holiday cover, sickness, and staff shortages.

9 Net income

	2025 £000	2024 £000
Net income is stated after charging:		
Depreciation and impairment for the year:		
- Tangible fixed assets	2,017	1,730
- Intangible owned fixed assets	33	93
Operating leases - land and buildings	1,968	2,004
Profit/(loss) on disposal of fixed assets	(79)	(10)
Fees payable to the Company's auditors for the audit of the Company's financial statements	45	43
Fees payable to the Company's auditors for other services	83	88

10 Charitable and taxation status

The charity is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes.

Care South

11 Intangible assets

	Software	Total
	£000	£000
Cost		
At 1 April 2024	634	634
Additions	-	-
Transfers	-	-
Disposals	-	-
At 31 March 2025	634	634
Accumulated amortisation		
At 1 April 2024	601	601
Charge for the year	33	33
Disposals	-	-
At 31 March 2025	634	634
Net book value		
At 31 March 2025	-	-
At 31 March 2024	33	33

Care South

12 Tangible assets

	Land and Buildings £000	Assets Under Construction £000	Short Leasehold Improvements £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
Cost					
At 1 April 2024	41,502	13,795	252	8,386	63,935
Additions	10,018	3,803	109	1,263	15,193
Transfers	12,915	(13,509)	-	594	-
Disposals	-	-	(8)	(488)	(496)
At 31 March 2025	64,435	4,089	353	9,755	78,632
Accumulated depreciation and impairment					
At 1 April 2024	7,400	-	247	5,997	13,644
Charge for the year	960	-	4	1,053	2,017
Eliminated on disposal	-	-	(4)	(413)	(417)
At 31 March 2025	8,360	-	247	6,637	15,244
Net book value					
At 31 March 2025	56,075	4,089	106	3,118	63,388
At 31 March 2024	34,102	13,795	5	2,389	50,291

Included within Land and Buildings net book value are freehold land and buildings of £37,606,000 (2024: £15,159,000), leasehold buildings on a 999 year lease £179,000 (2024: £183,000), buildings where the land is held on a 125 year operating lease of £12,908,000 (2024: £13,277,000) and buildings where land is held on a 150 year operating lease of £5,382,000 (2024: £5,483,000)

The net book value of capitalised finance costs is £65,000 (2024: £68,000) which is included within land and buildings.

Impairment relating to assets disposed post 31 March 2025 totalled £63,000.

13 Investments

	Company 2025 £000	Company 2024 £000
Shares in group undertakings	2,871	2,871
Listed investments	9,848	9,638
	12,719	12,509

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	2025	2024
	£000	£000
Listed Investments	9,848	9,638

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 2025.

14 Stock

	Company 2025 £000	Company 2024 £000
Goods for resale	1	2
	1	2

Care South

15 Debtors

	2025 £000	2024 £000
Amounts falling due within one year:		
Trade debtors	2,202	1,792
Other debtors	72	74
Prepayments and accrued income	1,653	1,474
	3,927	3,340

Trade debtors are stated after provision for impairment of £277,000 (2024: £264,000).

16 Creditors: amounts falling due within one year

	2025 £000	2024 £000
Bank loans	1,824	2,138
Trade creditors	4,813	4,860
Amounts owed to subsidiary undertakings	2,871	2,871
Other creditors	442	492
Taxation and social security	499	454
Accruals and deferred income	3,448	3,223
	13,897	14,038

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

	2025 £000	2024 £000
Deferred income at 1 April 2024	476	478
Resources deferred in year	547	460
Amounts released from previous periods	(460)	(462)
Deferred income at 31 March 2025	563	476

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17 Creditors: amounts falling due after more than one year

	2025 £000	2024 £000
Bank loans	1,567	3,393
Accruals	494	506
Deferred income	16	32
Derivative financial instruments	(1)	(15)
	2,076	3,916

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 £1,823,000 (2024: £2,994,000). Loans with variable interest of base plus 2.25% total £570,000 (2024: £1,140,000). Loans with variable interest of base plus 2% total £998,000 (2024: £1,397,000). Each loan is secured on the property it was raised against.

Maturity of bank loans

	2025 £000	2024 £000
In one year or less	1,824	2,138
In more than one year, but not more than two years	1,054	1,824
In more than two years, but not more than five years	513	1,569
In more than five years	-	-
	3,391	5,531

18 Provisions for liabilities

	Closure costs 2025 £000	2024 £000
Provision at 1 April 2024	-	-
Additions recognised in statement of financial activities	1,644	-
Utilised	-	-
Provision at 31 March 2025	1,644	-

A provision has been recognised as a consequence of 2 home closures which took place in April and May 2025. Notification of closure was given during the 2024/25 financial year. The provision represents the best estimate of the expenditure required to settle financial obligations related to the closures, covering both staff exit costs and remaining property related costs.

The property related costs relate to a leasehold property, assessed as an onerous lease, where the timing of the end of the remaining obligations is uncertain. The provision is expected to be utilised by the 2028-29 financial year at the latest, with the level of provision required being reviewed annually.

19 Financial Instruments

	2025	2024
	£000	£000
Financial assets measured at amortised cost		
- Stock	1	2
- Trade debtors	2,202	1,792
- Accrued income	963	799
- Other debtors	72	74
Financial assets at fair value through income and expenditure		
- Listed investments	9,848	9,638
Financial assets	13,086	12,305
Financial liabilities measured at amortised cost		
- Trade creditors	4,813	4,860
- Bank loans	3,391	5,531
- Amounts owed to subsidiary undertakings	2,871	2,871
- Accruals	3,379	3,252
- Other creditors	442	492
Financial liabilities measured at fair value through income and expenditure		
- Derivative financial instruments	(1)	(15)
Financial liabilities	14,895	16,991

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.

Care South

20 Restricted income funds

	Sussexdown Legacy	Maiden Castle Build	Total £000
At 1 April 2024	165	45	210
Income	-	16	16
Transfers	-	(16)	(16)
Expenditure	(39)	(16)	(55)
At 31 March 2025	126	29	155

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 £13,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

21 Unrestricted income funds

	Designated Funds £000	General Funds £000	Total £000
At 1 April 2024	47,620	18,307	65,927
Transfer from restricted funds	-	16	16
Transfer	15,221	(15,221)	-
Income	-	62,525	62,525
Expenditure	-	(53,372)	(53,372)
Unrecognised gains	-	(10)	(10)
At 31 March 2025	62,841	12,245	75,086

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.

22 Analysis of net assets between funds

	Designated Funds	Restricted Funds	General Funds	Total 2025
	£000	£000	£000	£000
Fixed assets	66,232	29	9,846	76,107
Current assets	-	126	16,625	16,751
Current liabilities	(1,824)	-	(12,073)	(13,897)
Long term liabilities	(1,567)	-	(509)	(2,076)
Provisions for liabilities	-	-	(1,644)	(1,644)
Total Net Assets	62,841	155	12,245	75,241

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 £20,000 (2024: £19,000) and £743,000 (2024: £695,000) respectively. Contributions of £3,000 (2024: £3,000) and £138,000 (2024: £127,000) were owed to the schemes respectively at the end of the year.

24 Related parties transactions

The Company had the following balances outstanding with its wholly owned subsidiaries at 31 March 2025:-

- £406,000 owed to Beauchamp House Nursing Home Ltd (2024: £406,000)
- £2,465,000 owed to Two Rivers Investments Ltd (2024: £2,465,000)

Care South

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

	2025 £000	2024 £000
Net income (before other recognised gains and losses)	9,114	5,364
Depreciation and impairment	2,017	1,730
Amortisation	33	93
Dividends received	(147)	(136)
Interest received	(912)	(1,002)
Interest expensed	316	448
(Profit)/loss on disposal of fixed assets	79	10
Decrease/(increase) in stock	1	(2)
Decrease/(increase) in debtors	(587)	802
Increase/(decrease) in creditors	160	1,350
Increase/(decrease) in provisions	1,644	-
Net cash provided by operating activities	11,718	8,657

26 Capital commitments

The Company has no material capital commitments at 31 March 2025 (2024: £3.3m).

27 Contingent liabilities

The Company has no material contingent liabilities at 31 March 2025 (2024: £nil).

28 Post balance sheet events

There are no post balance sheet events at 31 March 2025.

29 Financial commitments

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

	2025 Land & Buildings £000	2024 Land & Buildings £000
Within one year	1,673	2,041
Within 2 to 5 years	5,298	7,073
After 5 years	36,875	43,111

30 Limited liability

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

31 Analysis of changes in net funds

	At 1 April 2024 £'000	Cash flows £'000	At 31 March 2025 £'000
Cash and cash equivalents			
Cash	17,916	(5,093)	12,823
	17,916	(5,093)	12,823
Borrowings			
Debt due within one year	(2,138)	314	(1,824)
Debt due after one year	(3,393)	1,826	(1,567)
	(5,531)	2,140	(3,391)
Total	12,385	(2,953)	9,432

