

Cornwall Care Limited  
(Limited by guarantee)  
Annual report  
for the year ended 31 December 2020

**Company registration number 03079623**

**Charity registration number 1053486**

# Cornwall Care Limited

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## **Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020**

The Directors present their annual report, incorporating the Trustees' report and strategic report, for the year ended 31 December 2020 under the Companies Act 2006 together with the audited consolidated financial statements for the year and confirm that the latter complies with the requirements of the Act, the Articles of Association and the Charities SORP FRS 102.

### **a) Objectives and activities**

The Company's objects, as set out in the Company's Articles of Association, are:

- (a) To promote the relief of and provide relief, support and assistance to individuals who by reason of old age, or physical or mental handicap, require special care and attention;
- (b) To promote and provide relief to children and young people who require special care and attention; and
- (c) To promote, in particular the relief of, and provide support and assistance to, beneficiaries who are resident in or associated with the County of Cornwall, the County of Devon and the Isles of Scilly. 'Beneficiaries' means the people referred to in the points above.

#### **Public benefit**

The Company's charitable objectives are set out above. Throughout the year the Directors have sought to benefit the public by:

- providing care to those funded by means tested assistance from the Local Authority and Kernow Clinical Commissioning Group;
- to continue to work closely with the Local Authorities and the Kernow Clinical Commissioning Group on implementing change in the way that care for older people, those with dementia and those with learning difficulties is provided.

As such the Directors confirm that they comply with their duty to have due regard to the Charity Commission's guidance on public benefit in exercising their powers and duties and consider it in all aspects of the charity's activities as reflected throughout the Directors' Report.

## **Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)**

### **Objectives for the Year**

The key objectives for the year were:

- **Providing safe, effective and high quality personal care to our customers:**
  - To provide quality care, through quality services that demonstrate that each individual member of staff practices with accountability.
  - Risk is managed through knowledgeable decision making and the health and safety process used with our clients and staff liberates aspiration rather than denying ambition
- **To provide a working environment where all people working for Cornwall Care feel valued and have opportunities for education, training and personal development:**
  - To achieve flexibility and adaptability we will build on our Education, Training and Practice development bedrock by nurturing the talent within our staff;
  - To grow a confident, competent workforce who can transfer skills to meet our clients' needs;
  - To recognise and promote a culture of achievement through work with service teams and implementation of staff survey; and
  - Recruit, train and retain staff who are skilled to deliver care to meet customers' needs and the organisations goals and objectives.
- **To raise Cornwall Care's profile on a sustained basis, being recognised as a quality operation leading the market in care:**
  - To understand what motivates our customers so that we can build relationships with them;
  - To emphasise the reinforcement of the brand through language, behaviour and communication promoting enquiries, dialogue and ultimately business;
  - To focus on the individual (our clients and their relatives and our colleagues). By investing in people and establishing and supporting their potential, they achieve fulfilment, gain satisfaction and continue to stay with Cornwall Care;
  - To demonstrate to our staff how valued they are; and
  - To continue to be the most expert and caring provider of services for older people and other customer groups, defined by our own standards as well as those of our clients and our commissioners.
- **To improve our estate to establish a sustainable future:**
  - To enhance the Company's internal and external environments to enable these spaces to be an integral part of the quality of care and services we deliver;
  - To develop our existing estate in line with the care needs of the people we look after and the staff who support them; and
  - To achieve good property management through understanding the fabric of our existing stock and adopting a systematic approach to its maintenance.
- **To deliver financial stability and stimulate growth in order to reinvest in the company:**
  - To have high quality performance reporting in order to manage the business;
  - To achieve financial stability and good financial performance by ensuring income targets are met and costs are managed satisfactorily;
  - To ensure that we maintain and improve cash flows and liquidity in order to continue to operate and meet our obligations; and
  - To be able to access funding (through borrowing or partnerships) in order to finance our capital development plans

## Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)

### Strategies to achieve the objectives

The Board's focus to achieve the objectives has been the implementation of the following strategies:

- **Providing safe, effective and high-quality personal care to our customers:** The main aim has been to meet the increasing needs of our customers and commissioners. We continue to shape our services to provide higher levels of care. Nine of our sixteen care homes are registered as care homes with nursing. A number of our facilities are also providing supported living services to adults with mental health issues which itself facilitated growth in our community services. The main regulator is the Care Quality Commission who inspect services on a routine basis. In addition, Cornwall Care has a robust internal system of audit and shared learning to ensure that all services are performing. The quality of services is also evaluated by using feedback from staff and clients and their relatives. This information is reviewed by the Board and is used in planning services.
- **To provide a working environment where all people working for Cornwall Care feel valued and have opportunities for education, training and personal development:** As the largest private sector employer in Cornwall, we continue to invest significantly in recruiting, training and retaining our staff at all levels to ensure that we deliver a high quality of service to our customers. A great deal of focus has been on recruiting carer and nursing staff and reducing staff turnover and sickness. We continue to invest in our Education, Training and Practice Development team who operate as an Accredited Education Assessment Centre.
- **To raise Cornwall Care's profile on a sustained basis, being recognised as a quality operation leading the market in care:** A key part of our service is communicating with clients, relatives and staff. This year has seen us use a range of media and promotional activity focussed on developing and maintaining inter-professional relationships with colleagues in commissioning agencies. Customer service and engagement is developing through training for our staff from initial enquiry to delivery of service. Staff engagement is increasing through website developments, email newsletters and social media.
- **To remodel our care provision to establish a sustainable future:** During the year we have been considering options on sites we occupy to understand how best these may be remodelled to provide the most effective care settings.
- **To deliver financial stability and stimulate growth in order to reinvest in the company:** Cornwall Care has achieved positive and sustainable EBITDA, the financial review is set out in detail from page 6.

### Longer Term Objectives

Our objectives above were set for the year but, taken as a whole, they also represent the company's longer-term objectives in respect of high-quality service provision, staff development and the continuing delivery of care in ways most appropriate to customer needs.

The success of these objectives is measured by such outcomes as customer satisfaction, staff satisfaction and retention and the company's continuing investment plans. These outcomes may manifest themselves in different ways such as high occupancy levels or sound financial performance, which can be assessed objectively, or in other ways less susceptible to measurement but which nonetheless allow the company to continue to grow and to provide high quality services to customers.

# Cornwall Care Limited

## Directors' report (incorporating Trustee's report and strategic report) for the year ended 31 December 2020 (continued)

### Principal Activities

The principal activity of the company continues to be the provision of care for adults and older people throughout Cornwall. Our clients receive quality care services that are provided in the following ways:

- **Care Homes:** Our 16 care homes provide care for older frail people and those with dementia, either on a permanent basis or for rehabilitation and respite visits. Nursing services were in operation in nine of these homes for the full year.
- **Extra Care / Supported Living:** A number of our properties contain independent living units which provide accommodation enabling adults with mental health issues to live semi-independent lives within the community.
- **Home Care:** Our domiciliary and community care services deliver care and related services to clients in their own homes.

### b) Achievements and performance

A review of Cornwall Care's strategy and annual plan for 2020 confirmed positive progress in a number of areas in meeting planned targets. These include:

- **Financial targets:** The financial review is set out on page 6.
- **Service development:** We have responded to an increase in demand for specialist nursing care and this has enabled the company to overcome pressures on occupancy and fees in the care sector.
- **Quality:** The year saw continued investment in care quality, leadership and governance processes in order to improve and manage the quality of care throughout the organisation. The Care Quality Commission inspected 3 care homes during 2020 and our home care provision.
- **Staff:** The Company continued to invest significantly in staff education and practice development. This ranges from statutory training, in-house accredited courses to leadership training and coaching. This has resulted in continuing high levels of client satisfaction.

The company operates in a specialised and highly regulated sector where there are significant pressures on costs. We have seen some recognition from statutory bodies that funding levels for clients with higher care requirements need to rise but have also found it challenging to recruit sufficient carer and nursing staff for our homes. The shortage of nurses is a well-known national and regional challenge, one that has continued through 2021. This has led to greater use of agency staff than we would like which also has the effect of increasing costs. We have, and continue to, actively review our pay and terms and conditions for carers and nurses, benchmarking these with local providers. This has delivered success which continues into 2021. We have also invested in our ability to recruit and retain staff which has proved positive.

**Directors' report (incorporating Trustee's report and strategic report) for the year ended 31 December 2020 (continued)**

**c) Financial review**

The financial performance of the group is reported in detail from page 21. A summary of the financial performance is provided below:

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>	<b>Notes</b>
<b>Income</b>	39,375	35,415	
Staff Costs	30,186	28,338	
Resident Costs	1,245	1,278	
Premises Costs	3,708	2,857	
Administration Costs	1,208	1,707	
EBITDA	3,028	1,235	<b>1</b>
Exceptional Items	294	370	<b>2</b>
Interest (including pension related)	390	397	
Depreciation	991	887	
Surplus before revaluation	1,353	(419)	

**Notes:**

1. Earnings Before Interest Tax & Depreciation (EBITDA) is the generally accepted measure of business performance and a proxy for cash generated from operating activities.
2. Exceptional Items above of £294k comprises a (£47k) write off of work in progress and development income associated with the Wadebridge project, £285k costs provided for the potential legal claim re Zellis and £55k of staff placement fees as staff transferred from Newcross agency.

**Principal funding sources**

As noted above the group's principal activities centre on the provision of care for adults and older people either in residential and nursing homes, independent living units or the clients' own homes. The principal funding sources are clients' own contributions and amounts received from statutory bodies such as Local Authorities and the NHS for the provision of care from State resources.

# Cornwall Care Limited

## **Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)**

In the year ended 31 December 2020, Cornwall Care Limited (CCL) had net resources surplus for the year before other recognised gains and losses of £1.3m (2019: £0.4m net resources deficit) and a net increase in funds of £1.4m (2019: £0.6m decrease). There was no actuarial gain on the defined benefit pension scheme having exited the local government deferred benefit pension scheme in the prior year (2018: £1.0m). The net asset position at the year-end was £16.5m (2019: £15.1m).

Cornwall Care Limited's income totalled £39.4m (2019: £35.4m). The main source of income continued to be fees for residential and nursing care which made up £35.1m (2019: £32.7m) of income while domiciliary and community-based services contributed £2.6m (2019: £2.3m).

During 2020 Cornwall Care Limited received £1.6m (2019: £0) relating to COVID related grants and support.

Cornwall Care Limited's expenditure totalled £37.7m (2019: £35.4m) for the year which represents a 6% increase on 2019. As a labour-intensive service business, the staff costs and staff-related costs continue to be the main area of expenditure. Other key costs include premises and equipment costs, residents' costs and administration.

Earnings Before Interest Tax & Depreciation (EBITDA), the generally accepted measure for business performance and a proxy for the cash generated from our operating activities was £3.0m for the year (2019: £1.2m).

### **Going concern incorporating post balance sheet events**

Whilst the charity is reporting a positive financial performance for the year to December 2020, at the date of signing the accounts, there was a material uncertainty relating to CCL continuing as a going concern. The ongoing impact from the pandemic has created the perfect storm of compressing income and increasing costs. Occupancy levels have reduced below those budgeted whilst the cost pressures have reduced the EBITDA performance well below projections as we move through 2021. And while the 2021 budget was delivered with scenario plans for such an event(s), the charity has suffered a significant impact to its direct and indirect costs borne of the staffing crisis across the sector and the subsequent additional agency cost burden from covering existing vacancies and backfilling staff who were required to isolate. The reduced occupancy levels have in the main resulted from our infection control procedures which has seen a number of homes paused for admissions for a period of 28 days under guidance from Public Health England.

In looking ahead to the end of 2021 and into the first quarter of 2022, the current circumstances and noted pressures place significant downward pressure on the charity's cash resources, a situation that required immediate intervention if the charity is to remain a going concern. It is important to note that this set of circumstances isn't solely due to COVID but that the pandemic has increased the impact quite significantly in the last twelve months. The indicators around working capital, increased service debtors and indebtedness have been trending adversely for the last three years and this requires the Directors to take corrective action. The charity also operates an ageing leasehold estate of sixteen residential and nursing homes which continues to require significant investment to maintain operating standards and to meet all of the requirements of health and safety and compliance legislation.

In mitigating the risks noted above, the Board engaged a Chief Recovery Officer in October 2021 to work with management to design and implement a turnaround plan. Having taken a series of initial steps to successfully arrest the cash position, and having undertaken a fundamental review of our estate and operating model, the Board have approved the plan and the measures required to re-scale the organisation. This will drive efficiencies through the estate in the short and medium term and will include the need to realise the value of unencumbered assets that aren't central to the charity's vision and strategy to deliver person centred care. This will strengthen the balance sheet and reduce the charity's overall indebtedness. That turnaround plan commenced in late 2021 and will continue at pace in the first quarter of 2022. In reporting the material uncertainty with regards to going concern, the directors strongly believe CCL will remain a going concern and this is a temporary position with the

## **Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)**

measures noted below strengthening the charity's ability to meet the continuing challenges that remain across the social care sector and the increasing need for care across Cornwall. The actions agreed provide sufficient comfort from the profit and loss, balance sheet and cash projections that the Board approved in December 2021.

The directors' assessment that the charity will continue as a going concern is based on a number of factors. As the largest private sector provider of care in the County, the charity retains the necessary capacity and skills that are required to meet the demands of caring for an ageing population in Cornwall. We also retain the support of our stakeholders including banking partners and our service commissioners. The turnaround plan is focused in the following areas which combined would contribute to a £4.9m saving in year one alone:

### 1. Sale of Owned Premises

The pandemic has driven the need for teams to work differently across Cornwall in support of our care homes and care colleagues. With sixteen sites across Cornwall and more support office staff being recruited from both around the county and out of area, there is a much-reduced need for a permanent head office base. As such the support office in Truro office closed at the end of November 2021 and the property is for sale on the commercial market. Staff will work remotely and be closely aligned to their nearest care home(s) in support of our vision, strategy and overarching objectives. With Government re-introducing work from home guidance, this has been a prudent move that is already reducing operational costs.

### 2. Sale of Care Homes

- The recent valuation of our estate and review of our operating model means that we will move to sell two care homes, one in 2022 and one at the end of 2023. This will realise in excess of £7m and allows the charity to reduce its current debt position quite significantly. The care home sale planned for 2022 would be expected to realise £700k in cash if successfully completed. Whilst there is a risk to the timing of that sale, the directors are comfortable that other cost reduction projects and/or income assumptions are sufficiently conservative to manage any downside risk. By way of example, the revised fee assessments assume increased income of £800k next year when the realisable fee uplift will be in the region of £2.2m in 2022 based on completed assessments.

### 3. Debt management

Debtor balances have been increasing in the last three financial years and that position has been exacerbated through the pandemic as we moved people quickly from hospital into care and staff moved to working from home. This has resulted in care being provided as a priority with the mechanism for collecting debts being impacted quite significantly with the subsequent impact to working capital balances. A programme of work is now in place with both commissioners and self-funders to recover a significant portion of the debt that is greater than six months overdue. There is also a separate review being undertaken of the internal processes when a resident first enters care. We have identified gaps following an initial review and will work with all stakeholders to put a robust process in place to prevent this occurring again.

Between October and December 2021, in excess of £200k of aged debt has now been collected in excess of the internal target.

## Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)

### 4. Land Sale

The charity owns two packages of land in Bodmin and Wadebridge. The charity has been in conversations with a commercial third-party developer to sell the Wadebridge site, those conversations continue. The charity has also recently been approached by a third party with a view to selling the Bodmin site which we are actively exploring with the interested party. The Board reserves the right to focus on the most advantage sale proposal to ensure we realise maximum value from the land.

### 5. Care Fee Assessments

With the priority being to provide care for residents through the pandemic, the assessment of care needs and associated fees from any increasing need(s) haven't been completed as would normally be the case. On review, there were a large number of outstanding fee assessments with an annualised value of £2.2m; £800k of that total has already been confirmed and is being paid in 2021.

### 6. Operating Model

The charity has reviewed its operating model with a target to reduce (non-care) costs significantly to deliver a more efficient and effective model that's aligned with the needs of our residents and stakeholders. The required reduction in operating costs has been included in the approved budget for 2022 and forms part of the £4.9m of additional income/savings approved by the Board.

## Cash

The events noted above have impacted significantly on cash balances. Group cash balances at December 31<sup>st</sup> 2020 were £985k. The original cashflow projection for the end of December 2021 was £615k noting some expected attrition from operational challenges through the pandemic. However, based on the work completed with the CRO, the charity is now forecasting cash balances of £1.54m, £900k ahead of original expectations.

Whilst cash balances have remained at around £1m through 2021, the impact through the summer months of staff vacancies and subsequent increases in agency spend has placed significant pressure on cash projections for the balance of the year. This has been compounded by adverse income variances due to lower occupancy. The very welcome infection control grants of £1m received during 2021 have helped the cash position although those grants will cease in September 2021. This has gone part way to meeting the additional costs the charity has had to find through the pandemic. Both in 2020 and 2021, the costs incurred in excess of grants received will be £700k each year and that has also impacted on working capital.

On balance, the projected cash of £1.54m provides a solid foundation for next year acknowledging that the cash actions already taken will unwind by the mid-point of 2022. The Board are assured around the cash position based on the contents of the turnaround plan and the focus on saving £4.9m in 2022.

## Short- and Long-Term Creditors-Loans

Total loans repayable stood at £14.6m as at December 31<sup>st</sup> 2020. At the date of signing these accounts that amount had increased to £15.0m due to the final drawdown of funds from the Triodos loan in early 2021. The charity will commence repayment of capital sums for the £1.7m loan, that is fully drawn down, in February 2022. These amounts are included in the forward cash plans.

The directors, having reviewed the detail of the actions supporting the high-level plans, are of the belief that the charity remains a going concern as a result of these interventions and the plans in train to change its operating model, cost base and asset position.

## Trading update

The budget for CCL in 2021 was for income of £44.1m to produce an EBITDA of £2.8m net of £41.3m of operating costs. The revised forecast reduces income to £39.9m which would produce an EBITDA of £1.8m (£1.0m adverse to budget) net of operating costs totalling £38.1m.

## **Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)**

For 2020, CCL has delivered an EBITDA surplus of £3,028k (£1,235k in 2019) and net earnings of £1,353k (£419k deficit in 2019). Our 2020 income performance was only 5.3% lower than our annual plan, whilst our expenditure performance was 4.3% lower than planned.

Ensuring a robust and sustainable financial position is fundamental for the financial recovery of CCL and will ensure that we can implement planned investments in our infrastructure and our staff.

During 2021, the main financial risk continues to relate to the on-going COVID pandemic. Because of our extensive proactive approach to and planning of our rigorous infection control processes, social distancing and isolation measures across all of our services, CCL is in a good position. We abide by all the required regulations and close the home to new admissions where needed in line with guidance of Public Health England.

Our capital funding provider, Triodos, receives regular reports regarding the financial performance of CCL and subsidiaries and continue to be supportive of the business. Based on ongoing communication with the bank regarding the noted financial pressures, the directors have no reason to believe that the bank intends to take any action to recover sums outstanding. The directors, having approved a budget and cash flow for 2022, are assured that the approved turnaround plan will see the charity meet its bank covenants in the coming year. The directors remain very grateful for the continued support and engagement from all of our stakeholders.

In respect of local authority and NHS commissioners, Cornwall Care is the largest adult social care provider in the county and as such we are maintaining and improving our high-profile role with significant engagement on a daily basis, for the benefit of our staff and the people we look after. We care for 647 people in bed-based settings and over 10,000 hours of care per month in our community settings.

Cornwall Care self-funding clients represent circa 35% of our care homes turnover. We do not differentiate between commissioned and non-commissioned clients in respect of our fees; all of our clients pay the same fees for their assessed level of need regardless of commissioning status. As our service portfolio extends and diversifies our expectation is that income from self-funders will increase and also commissioned clients will access additional fee-based services.

Cornwall Care provides care to vulnerable people with higher-than-average needs and in a number of specialist care settings. Smaller care providers typically do not support clients with these needs and so this places Cornwall Care in a unique position within county. All evidence-based demographic and population health needs assessments forecast that numbers of vulnerable people in county and nationally with these needs will increase over the next 5 years with an associated escalation of complexity of care requirements. This demonstrates an expanding customer base and Cornwall Care is now working to respond to this increase by developing new services, in line with our agreed strategic direction.

There is a 12-month cash flow position from the date of signing this report and the forecasting assumptions have based the income on the current levels of occupancy and the turnaround plan approved by the Board in December 2021.

## **Directors' report (incorporating Trustee's report and strategic report) for the year ended 31 December 2020 (continued)**

We recognise that availability of substantive workforce is a risk to all social care providers, including Cornwall Care. We have taken a series of actions to mitigate this risk. This includes a workforce recruitment & retention programme during 2021 which has seen significant improvement in recruitment and retention of HCA1/2 and HCA3 staff. During 2020 we developed a partnership with Cornwall College Group. This partnership will launch a programme of academic and operational service delivery based accredited and non-accredited courses for new and existing care professionals and additionally the exploration of new models of working, in collaboration with commissioners, regulators and our partners in higher education.

The Board wishes to extend its sincere thanks to all Cornwall Care staff for their unstinting commitment to delivering care across the county through a pandemic in what continue to be very difficult and trying circumstances.

### **Loans**

The company had one bank loan in operation at the year-end of £11.4m (2019: £10.6m) from Triodos Bank. The company has a loan with Cornwall Council of £3.2m (2019: £3.7m) in respect of the pension scheme which is repayable in quarterly instalments until 01/03/2028.

### **Investment powers, policy and performance**

The Trustees Investment Policy is governed by the Trustee Investment Act 2000. Under the Articles of Association, the company has the power to make any investment that the Directors see fit.

### **Reserves policy**

As at 31 December 2020, the group had unrestricted funds of £16.2m (2019: £14.9m) of which £nil (2019: £nil) was freely available. The balance was invested in fixed assets or was designated for other purposes as detailed in note 15 to the Financial Statements.

The group aims to maintain sufficient reserves to cover possible future deficits that may occur due to fluctuations in business activity and to take opportunities as they arise. The reserves policy is reviewed annually as part of the business plan, and to ensure the charity meets the required level of reserves.

The directors consider that the present level of reserves is sufficient to meet these requirements.

### **Principal risks and uncertainties**

#### **Risk management**

The Directors have reviewed and reassessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that the approved turnaround plan mitigates exposure to major risks with the corrective actions noted in this report.

The Board of Directors and Audit and Risk Committee ensure that the major risks to which the company is exposed have been identified and systems put in place to mitigate these risks on an annual basis.

The year has seen the continued management of existing risks balanced with our response to new risks and the challenges they present. A balance has been struck between specific operational risks and more strategic issues. These include risks associated with personalisation, commissioning and the impact of downward pressure on public sector budgets.

#### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. The company does monitor and take action in each of these areas to mitigate the potential adverse effects that such a risk may pose as follows:

# Cornwall Care Limited

## **Directors' report (incorporating Trustee's report and strategic report) for the year ended 31 December 2020 (continued)**

### *Credit risk*

The company has an established procedure to ensure that the credit risk is minimised. The markets in which the company operates mean that there is relatively low credit risk. The main risk that the company carries is through unpaid invoices in the normal course of trading.

### *Liquidity risk*

The company monitors its working capital requirements and cash flows to ensure that the company has sufficient available funds for operations.

### **Health and safety**

The Board receives an annual health and safety report from the management team. The report covers all health and safety issues including legislation, health and safety meetings, policies and procedures, accident reports and training needs.

### **Plans for future periods**

Cornwall Care has a five-year rolling business plan for 2017 to 2021. This sets the strategic direction of the organisation and formed the framework for the annual budget for 2020. The business plan has six principal objectives for 2020:

- To provide safe, quality care and to meaningfully engage with clients and stakeholders;
- To recruit, retain and reward staff and to provide a working environment where all people have opportunities for professional and personal development;
- To deliver financial stability in a dynamic and challenging environment and stimulate growth in order to reinvest in the company;
- To remodel the current property portfolio and deliver new facilities in order to establish a sustainable legacy for the future;
- To position Cornwall Care as the provider of choice and to stimulate confidence in and demand for our services;
- Embed the charitable aims of the organisation in the activity of the organisation and each home/service.

### **Employees**

Cornwall Care is committed to equal opportunities in employment.

The company recognises its responsibilities in relation to people with disabilities. The company gives full consideration to applicants for employment from disabled people, who adequately fulfil the requirements of the job. Should existing employees become disabled it is the company's policy, if practicable, to provide continuing employment under the company's terms and conditions and to provide appropriate training.

## **d) Structure, Governance and Management**

### **Governing document**

Cornwall Care Limited is a registered charity and company limited by guarantee. It is governed by its Articles of Association and the Board of Directors who are also its Trustees.

### **Organisation**

A wholly-owned subsidiary company, Cornwall Care Services Limited, is responsible for the day-to-day management of the organisation and for the provision of the care services. Cornwall Care Services Limited is led by a Board of Directors which reports to the Board of Directors of Cornwall Care Limited.

## **Directors' report (incorporating Trustee's report and strategic report) for the year ended 31 December 2020 (continued)**

This governance structure is suited to addressing the challenges and opportunities in the rapidly changing care sector and it ensures that Cornwall Care Limited continues to be a sustainable organisation which can deliver its charitable mission.

The Board of Cornwall Care Limited meets monthly to review the performance in relation to objectives, strategy and business plans as well as being responsible for strategic business decisions. The Board meets annually to review strategy and approve the five-year business plan and annual budget.

The Board meets to decide on strategy and policy but delegates the implementation of these to the executive and senior management teams. To provide for greater agility in day-to-day management, an Operational Committee has been formed with members being those who are Directors of both companies. The Committee will scrutinise the services provided by Cornwall Care Serviced Limited and decide on matters of such significance that the approval of the Board of Directors of Cornwall Care Limited is required before the next meeting.

### **Recruitment and appointment of Directors**

Directors are appointed by the Board in accordance with the Articles of Association and can serve a maximum of six consecutive years.

Directors are appointed by the Board following a search and selection process managed by the Nominations Committee. Directors are provided with regular information updates on their role as Trustees and Directors.

The Board reviews the skills and experience of Directors on an annual basis to ensure that the company has the range of skills and experience required by the Board.

### **Employee involvement**

Regular meetings are held between senior managers and each business unit's management team to review progress and developments both in their business and the Company as a whole. Within each business unit the manager holds regular staff meetings to ensure that the Company's goals and objectives are fully understood. Views and opinions of members of staff from around the group are collated annually in an anonymous web-based staff survey.

### **Setting of pay**

The setting of pay and remuneration of key management personnel is undertaken by the remuneration committee which meets on an annual basis. The committee utilises benchmarking information from within the care sector and the local economy.

### **Directors and staff**

The Directors wish to acknowledge and thank all staff for the dedication and hard work they have put into making Cornwall Care Limited a recognised and trusted provider of high-quality care for adults in Cornwall.

### **Related parties**

The Company has two active subsidiary companies, Cornwall Care Property Limited and Cornwall Care Services Limited set up to carry out property development work of new care homes, and provide care services, respectively.

The company had transactions in the normal course of business with Stephen Scown Solicitors LLP, of which Mr M Beadel is a partner, also transactions in the normal course of business with Desuto Ltd, of which Mr J Acornley is a director and transactions in the normal course of business with Trowers & Hamblins LLP, of which Mr P Rees has close family who is a partner of the law firm. These transactions are disclosed in note 21.

**Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)**

**Statement on Internal Control**

The Board is responsible for ensuring that the group maintains a system of internal financial controls. The objective of the system is to safeguard the Company's assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is timely and reliable. Any such system can only provide reasonable, but not absolute, assurance against material loss or misstatement.

Internal Audit services are provided by TIAA. In 2020 they undertook 8 audits, resulting in 2 "urgent" and 19 "important" actions. Reports are tabled at the bi-monthly Audit and Risk Committee where progress on the resulting actions is monitored.

All the day to day operational decisions are taken initially by the Executive Directors, in accordance with the Company's strategy. The Executive Directors are also responsible for initiating commercial transactions and approving payments, save for those relating to their own employment.

The key internal controls include policies and procedures covering finance, operations, quality and systems, and risk management incorporating specific levels of delegated authority and the segregation of duties; the review of pertinent commercial, financial and other information by the Board on a regular basis; the prior approval of all significant decisions; and maintaining a formal strategy for business activities. An Audit and Risk Committee, whose members are Non-Executive Directors, meets regularly with the objective of giving assurance to the Board regarding the operation of such controls.

# Cornwall Care Limited

## Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)

### e) Reference and administrative details

Charity number: 1053486  
Company number: 03079623  
Principal office and  
Registered office: Cornwall Care House  
Glenthorne Court  
Truro Business Park  
Truro  
TR4 9NY

#### Members of the Board who served during the year ended 31 December 2020

Trustees:  
Mr C C Nicholls  
Mr P K Rees (resigned 31/12/2020)  
Ms T O Sorensen OBE (resigned 31/12/2020)  
Ms H Bennett (appointed 13/10/2020)  
Mr J Day (appointed 13/10/2020)  
Mr D Law (appointed 01/01/2021)  
Mrs S A E Taylor (appointed 01/01/2021)

The members of the Board are directors of the company for Companies Act purposes and trustees for the purpose of the Charities Act. Directors are appointed by ordinary resolution subject to a minimum of 3.

#### Auditors

PKF Francis Clark  
Lowin House  
Tregolls Rd  
Truro  
TR1 2NA

#### Solicitors

Foot Anstey LLP  
High Water House  
Malpas Road  
Truro  
TR1 1QH

#### Bankers

Lloyds Bank plc	Triodos Bank NV
PO Box 128	Deanery Road
8 Royal Parade	Bristol
Plymouth PL1 1LX	BS1 5AS

## **Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)**

### **f) Funds held as custodian trustee on behalf of others**

Details are set out in note 22 to the financial statements.

### **g) Section 172 - Directors' Duties**

The Directors of the Company, as those of all UK companies, must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

'A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.'

The following paragraphs summarise how the Directors fulfil their duties:

#### **Performance delivery and risk management**

During 2020 the Board held a series of workshops with staff, to review and agree the strategic objectives of the company. Our objectives include aligning longer term care models with the evidence based anticipated changes in volume and complexity of care required by people in Cornwall.

During 2020 the Directors have revisited the governance, assurance and risk management approaches used within our company and improved these. This is so that Directors have full visibility and can take a prospective approach to risk identification and management. Board assurance is now provided through a refreshed approach to organisation risk ownership and reporting. We operate a number of Board Committees with Director membership and these have oversight and responsibility for risk management. The Board has agreed a risk taxonomy approach that has been introduced across our organisation. Working through our organisation, Directors have identified and assessed all risks using the taxonomy approach and controls ratings. This enables Director oversight and ownership of risk at all levels in our organisation.

#### **Our People**

Cornwall Care is committed to being a responsible employer within our community. Our Directors have reaffirmed their commitment to strategic objectives which include the wellbeing of the staff we employ. Our behaviour is aligned with the expectations of our people, our clients and the local communities that we serve in Cornwall. People are at the heart of the services we provide. For our business to succeed we need to manage our people's performance and develop and bring through talent while ensuring we operate to the high standards

## **Directors' report (incorporating Trustees' report and strategic report) for the year ended 31 December 2020 (continued)**

required by our Directors and our Regulator. We must also ensure we share common values that inform and guide our behaviour so we achieve our strategic objectives in ways that gives the best care to our clients and the professional working experience that our staff deserve.

### **Business Relationships**

The strategy that our directors have agreed prioritises the improvement of services to existing clients and bringing new clients to Cornwall Care in order to best support our local communities because of changes in their demographic and health needs. To do this we need to develop and maintain strong client relationships and strengthen links with local communities. We value our relationships with our commissioner organisations and our directors seek to work as a strategic partner with all health and care colleagues so we can optimise the use of our shared experience in addressing the health and care challenges for vulnerable people in Cornwall.

### **Community and Environment**

We are the largest independent care provider in Cornwall and our approach is to use this strength and the skills our organisation has to best support the vulnerable people and communities we care for. We want to leverage our expertise and enable colleagues to support the communities around us.

We have made considerable progress in changing the way we work in order that we reduce the impact we have on our environment. This includes improving the use of digital technologies to reduce travelling for our clients and our staff.

### **Members**

As a Board of Directors our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours. In doing so this will contribute to the delivery of the operational plan and the delivery of our strategic objectives agreed by Directors.

Our intention is to behave responsibly towards the staff we employ and treat them fairly and equally, so they will benefit from the successful delivery of our plan.

# Cornwall Care Limited

## Statement of the directors' responsibilities

The directors are responsible for preparing the Directors' Annual Report (incorporating the strategic report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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.

The directors' report, incorporating the Trustees' report and the strategic report was approved by the board in their capacity as Trustees and Directors on December 23<sup>rd</sup> 2021 and was signed on its behalf by:

*Sally Taylor*

**S A E Taylor**  
**Chair**

## Independent Auditor's Report to the Members of Cornwall Care Limited

### Opinion

We have audited the financial statements of Cornwall Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty in relation to going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure in these financial statements in respect of the company's ability to continue as a going concern.

As explained in note 2 to the financial statements and section C of the Directors' report, the accounts have been prepared on the going concern basis. It is the directors' expectation that corrective actions are required to improve the financial performance and position of the company including some or all of the following:

- asset disposals;
- working capital improvement;
- favourable fee income settlements; and
- cost control.

The above all rely on successful negotiation with the relevant counterparty to achieve sustainable cash realisation and consequently may not be within the gift of the business within the required timescales. In the event that the actions above are not sufficiently successful loan capital repayment holidays, further loan restructuring or other business rationalisation measures may also be required. Having considered the above, the directors' expectation is that the Group remains a going concern. We consider that, whilst our audit report is unqualified in this respect, there remains material uncertainty in respect to the going concern assessment.

### Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

## **Independent Auditor's Report to the Members of Cornwall Care Limited (continued)**

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Director's report set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

## **Independent Auditor's Report to the Members of Cornwall Care Limited (continued)**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning, we obtained an understanding of the legal and regulatory framework that is applicable to the group. We gained an understanding of the industry in which the group operates as part of this assessment to identify the key laws and regulations affecting the group and parent company. As part of this, we reviewed the group's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were the regulations of the Care Quality Commission (CQC), as well as health and safety regulations, tax legislation, and breaches of The General Data Protection Regulation ("GDPR"). 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 discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the group and parent company's ability to continue operating and the risk of material misstatement to the accounts. We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. Based on this understanding we designed our audit procedures to identify non-compliance with such 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.
- Review of CQC ratings and enquiries of management in relation to any ongoing CQC reviews and communications.
- Review of the group's GDPR register and enquiries of the group's compliance officer as to the occurrence and outcome of any reportable breaches.
- Reviewed legal and professional costs to identify any possible non-compliance or legal costs in respect of non-compliance.

We assessed the susceptibility of the financial statements to material misstatement through management override or fraud, including in relation to cash income and expenditure, and obtained an understanding of the controls in place to mitigate the risk of fraud. We also discussed with management whether there had been any instances of known or alleged fraud, of which there were none. Based upon our understanding we designed and conducted audit procedures including:

- 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.

**Independent Auditor's Report to the Members of Cornwall Care Limited  
(continued)**

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 for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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



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

Lowin House  
Tregolls Road  
Truro  
TR1 2NA  
Date:.....23/12/2021.....

# Cornwall Care Limited

## Consolidated statement of financial activities for the year ended 31 December 2020 (including income and expenditure account)

	Note	Restricted funds	Unrestricted funds	Total 2020	Total 2019
		£'000	£'000	£'000	£'000
<b>Income from:</b>					
Donations and legacies		-	65	65	265
Charitable activities	3	-	37,616	37,616	35,109
Investments		-	-	-	1
Other	3	-	1,694	1,694	40
<b>Total</b>		-	39,375	39,375	35,415
<b>Expenditure on:</b>					
Charitable activities:					
<i>Care services</i>	4	2	34,069	34,071	31,947
<i>Support costs (including governance)</i>	4	-	3,657	3,657	3,517
<b>Total</b>		2	37,726	37,728	35,464
Exceptional items	4	-	294	294	370
<b>Net income/(expenditure)</b>	5	(2)	1,355	1,353	(419)
<b>Transfers</b>		-	-	-	-
<b>Other recognised gains and losses</b>					
Revaluation of fixed assets		-	-	-	(226)
Actuarial profit/(loss) on defined benefit scheme		-	-	-	-
<b>Net movement in funds</b>		(2)	1,355	1,353	(645)
Funds brought forward		218	14,909	15,127	15,772
<b>Funds carried forward</b>		216	16,264	16,480	15,127

The group has no acquisitions or discontinued operations during the years ended 31 December 2020 or 2019.

# Cornwall Care Limited

## Balance Sheets as at 31 December 2020

	Note	Group 2020 £'000	2019 £'000	Company 2020 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible assets	7	31,808	31,630	31,714	31,535
Investments	8	-	-	-	-
		31,808	31,630	31,714	31,535
<b>Current assets</b>					
Debtors	9	3,373	2,250	3,373	2,245
Cash at bank and in hand		985	819	883	791
		4,358	3,069	4,256	3,036
Creditors: amounts falling due within one year	10	(5,415)	(5,139)	(8,096)	(7,361)
<b>Net current (liabilities)/assets</b>		(1,057)	(2,070)	(3,840)	(4,325)
<b>Total assets less current liabilities</b>		30,751	29,560	27,874	27,210
Creditors: amounts falling due after more than one year	11	(14,271)	(14,433)	(13,771)	(13,933)
<b>Provisions for liabilities and charges</b>	13	-	-	-	-
<b>Net assets</b>		16,480	15,127	14,103	13,277
<b>Funds</b>					
Unrestricted funds:					
- Designated funds	14	55	35	55	35
- General funds	15	(1,098)	(1,979)	(3,475)	(3,829)
- Revaluation reserve	15	20,537	20,537	20,537	20,537
- Settlement fund for pension	15	(3,230)	(3,684)	(3,230)	(3,684)
Total unrestricted funds		16,264	14,909	13,887	13,059
Restricted fund	16	216	218	216	218
		16,480	15,127	14,103	13,277

The financial statements were approved by the board of directors on December 23<sup>rd</sup> 2021 and were signed on its behalf by:

*Sally Taylor*

**S A E Taylor**  
Chair

Registered No: 03079623

# Cornwall Care Limited

## Consolidated cash flow statement for the year ended 31 December 2020

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by operating activities</b>	(a)	1,820	1,177
<b>Cash outflows from investing activities:</b>			
Interest received		-	1
Interest paid		(390)	(651)
Proceeds of sale of tangible fixed assets		-	-
Payments to acquire tangible fixed assets		(1,170)	(769)
<b>Cash used in investing activities</b>		(1,560)	(1,419)
<b>Cash flows from financing activities:</b>			
Loans received/(repaid) in year		(94)	(412)
Capital element of finance leases/hire purchase		(-)	(18)
<b>Net cash provided by financing</b>		(94)	(430)
		165	(672)
<b>Change in cash and cash equivalents</b>			
<b>Cash and cash equivalents at 1 January</b>		819	1,491
<b>Cash and cash equivalents at 31 December</b>		985	819
<b>Cash and cash equivalents at 31 December comprise:-</b>			
<b>Cash at bank and in hand</b>		985	819

### (a) Reconciliation of net income/(expenditure) to net cash provided by operating activities

	2020 £'000	2019 £'000
9		
Net income/(expenditure) for the year	1,353	(419)
Interest receivable	(-)	(1)
Depreciation charge	991	887
Write down of fixed assets	-	-
Interest payable	390	651
Decrease/(increase) in Stock	(84)	-
Decrease/(increase) in debtors	(944)	(448)
(Decrease)/increase in creditors	114	761
Pension scheme – difference between contributions paid and charge in SOFA	-	-
Pension settlement	-	-
(Gain)/loss on financial liabilities at fair value through SOFA	-	(254)
<b>Net cash provided by operating activities</b>	1,820	1,177

## Notes to the financial statements for the year ended 31 December 2020

### 1. Constitution

The company was incorporated under the Companies Act 1985 as a company limited by guarantee and not having share capital. In the event of winding up, every Member of the company is liable to contribute a sum not exceeding £1 per Member towards the debts and liabilities of the company and the costs, charges and expenses of winding up. At 31 December 2020, there were 3 members (2019: 3). Reference and administrative details of the charity are given in the Directors' report on page 12.

### 2. Accounting policies

#### Basis statement of compliance

The financial statements have been prepared in accordance with Accounting and reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

#### Accounting convention

Cornwall Care Limited meets the definition of a public benefit entity under FRS 102.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets. As a consequence, the financial statements do not include a separate income and expenditure account in the form specified by the Companies Act 2006. This is a departure from the statutory format of financial statements, but it is required by section 396 Companies Act 2006 to enable the financial statements to give a true and fair view. In all other respects, the financial statements have been prepared in accordance with the Companies Act 2006.

Consolidated financial statements have been prepared in respect of the charitable company, Cornwall Care Property Limited and Cornwall Care Services Limited. The results of Cornwall Care Property Limited and Cornwall Care Services Limited have been consolidated into the statement of financial activities. Intra group transactions, balances, income and expenses are eliminated on consolidation.

Accounting policies of subsidiaries are consistent with policies adopted by the group.

In accordance with section 408 of the Companies Act 2006, a separate statement of financial activities for the company has not been presented.

#### Going concern

These financial statements have been prepared on the basis that the Charity remains a going concern with directors noting that there is a material uncertainty that requires corrective action(s) described in the directors report.

For the year to December 2020, CCL has posted an EBITDA surplus of £3,028k (£1,235k in 2019) and a net earnings surplus of £1,353k (£419k deficit in 2019). Our 2020 income performance was £3,778k less than our annual plan, whilst our expenditure performance was £1,438k than planned.

**Notes to the financial statements for the year ended 31 December 2020**  
(continued)

**2. Accounting policies (continued)**

**Voluntary income**

Voluntary income received by way of donations to the company is included in full in the statement of financial activities when receivable.

**Legacy income**

A legacy is recognised in the financial statements when the certainty of receipt and the amount receivable has been established.

**Charitable income**

Turnover comprises the value of services undertaken by the company for its principal activities and is recognised as the service or care is provided.

**Resources expended**

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any irrecoverable VAT. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

**2. Accounting policies (continued)**

**Resources expended (continued)**

Cost of activities in furtherance of the company's objects include costs which are directly related to or allocated to the operation of the care homes and provision of care services.

Governance costs are those incurred in connection with governance of the company and compliance with constitutional and statutory requirements.

**Restricted funds**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

**Unrestricted and designated funds**

Unrestricted funds are donations and other income received or generated for the objects of the charity without further specified purpose and are available as general funds. Designated funds are unrestricted funds earmarked by the directors for particular purposes.

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided on tangible fixed assets once they have been brought into use at rates calculated to write off the cost less residual value of each asset over its expected useful life of:

- Freehold property 50 years
- Long leasehold properties length of lease
- Computer equipment 4 years
- Fixtures, fittings and other equipment 4 years
- Motor vehicles 4 years
- Long term equipment 10 years
- Photo voltaic panels 25 years

Freehold and long leasehold properties are revalued periodically by an independent valuation expert, with the excess over the carrying value of the asset taken to the revaluation reserve. Property assets in the course of construction are included at cost and are not depreciated.

### Stock (Work in Progress)

Work in progress is valued at the lower of cost, including attributable overheads, and net realisable value. Where a development is in progress the net realisable value is assessed by considering the expected future revenues and the expected costs to complete the development.

### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

### Leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due. Assets held under finance leases, where substantially all the risk and rewards of ownership have passed to the group, and hire purchase contracts, are capitalised in the balance sheet and depreciated over the shorter of the lease term or the

## 2. Accounting policies (continued)

### Leases (continued)

assets useful life. The capital element of future obligations are included as liabilities in the balance sheet. Interest is charged on a straight line basis.

### Financial instruments

Financial assets and liabilities are recognised/(derecognised) when the Group becomes/(ceases to be) party to the contractual provisions of the instrument. The Group holds the following financial assets and liabilities:

- *Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment ("doubtful debts") are recognised in the profit and loss account before operating profit.

- *Bank and other loans*

Loans which meet the criteria under FRS 102 to be classed as 'basic financial instruments' are initially recorded at transaction price and subsequently measured at amortised cost using the effective interest method.

**Notes to the financial statements for the year ended 31 December 2020**  
(continued)

- *Derivative financial instruments*

The Group uses interest rate swaps to reduce exposure to interest rate movements. Interest rate swaps are initially recognised at fair value at the date of inception and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognised immediately in the SOFA within charitable income/expenditure.

**Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The following are the critical judgements and estimates that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Provision is made against specific trade debtors where recoverability is considered doubtful.

**Notes to the financial statements for the year ended 31 December 2020**  
(continued)

**3. a) Income from Charitable activities**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Care Homes	35,059	32,715
Day Care	-	48
Home Care	2,557	2,346
	<b>37,616</b>	<b>35,109</b>

Of the total income from charitable activities, £Nil was attributable to restricted funds (2019: £Nil) and the balance of £37,616 related to unrestricted funds (2019: £35,109 ).

**3. b) Other income**

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Short break and respite care	-	-
Grants	1,660	-
Training	20	28
Other	14	12
	<b>1,694</b>	<b>40</b>

Of the other income, £1,660k was attributable to restricted funds (2019: £Nil) and the balance of £34k related to unrestricted funds (2019: £40k). The grants of £1,660 were in respect of Covid-19 related support.

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 4. Total expenditure on charitable activities

a) Resources expended on charitable activities represent the following costs:

Group	Total 2020 £'000	Total 2019 £'000
Staff costs	27,397	25,655
Resident costs	1,245	1,278
Premise and equipment costs	3,165	2,430
Communications	179	106
Legal and professional	481	788
Other care expenses	519	803
Depreciation	991	887
	33,977	31,947
Support costs – general 4(b)	3,708	3,440
Support costs – governance 4(b)	41	77
Exceptional items*	294	370
	38,020	35,834

\* Within Exceptional items above of £294k (2019: £370k) comprises a (£47k) write off of work in progress and development income associated with the Wadebridge project, £285k costs provided for the potential legal claim re Zellis and £55k of staff placement fees as staff transferred from Newcross agency.

Of the total expenditure on charitable activities, £2k related to restricted funds (2019: £Nil), and the balance of £38,019k (2019: £35,834k) related to unrestricted funds.

b) Allocation of support costs

Group	Support costs - general	Support costs - governance	Total 2020 £'000	Total 2019 £'000
Staff costs	2,747	41	2,788	2,683
Premise and equipment costs	543	-	543	427
Other admin expenses	28	-	28	10
Pension – current service cost	-	-	-	-
Pension – finance cost	-	-	-	-
Loan interest payable	458	-	458	651
(Gain)/loss on financial liabilities at fair value through SOFA	(68)	-	(68)	(254)
	3,708	41	3,708	3,517

Support costs are analysed by the cost category to which they relate.

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 5. Net income / (expenditure) for the year

This is stated after charging/(crediting):

	<b>2020</b>	2019
	<b>£'000</b>	£'000
Remuneration to auditors for audit services - group	19	17
Remuneration to auditors for audit services - company	3	3
Remuneration to auditors for tax services - group	3	2
Depreciation - owned assets	991	883
- finance lease/hire purchase assets	-	4
Write off of development costs	(47)	121
Interest receivable	-	1
P&L gain following LGPS exit and pension settlement	-	-

### 6. Taxation

All of the parent company's income is applied for charitable purposes and therefore the company is exempt from corporation tax, however the trading subsidiaries are subject to corporation tax.

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Current tax</b>		
United Kingdom corporation tax	-	-
Adjustment in respect of prior periods	-	-
<b>Deferred Tax</b>	-	-
Adjustment in respect of prior periods	-	-
<b>Tax on profit on ordinary activities</b>	-	-

No tax has been accrued for the profits of the trading subsidiary as the gift aid payment will be made before 30 September 2021, nine months after the year end.

**Notes to the financial statements for the year ended 31 December 2020**  
(continued)

**7. Tangible fixed assets**

<b>Group</b>	<b>Freehold property £'000</b>	<b>Long leasehold property £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>					
At 1 January 2020	6,620	22,805	5,906	181	35,512
Additions	-	-	1,086	84	1,170
Impairment	-	-	(1,904)	(121)	(2,025)
Transfer	-	-	-	-	-
Revaluation	-	-	-	-	-
<b>At 31 December 2020</b>	<b>6,620</b>	<b>22,805</b>	<b>5,088</b>	<b>144</b>	<b>34,657</b>
<b>Depreciation</b>					
At 1 January 2020	154	212	3,345	172	3,883
Disposal	-	-	(1,904)	(121)	(2,025)
Transfer	(106)	106	-	-	-
Charge for year	259	108	617	7	991
<b>At 31 December 2020</b>	<b>307</b>	<b>426</b>	<b>2058</b>	<b>58</b>	<b>2,849</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>6,313</b>	<b>22,379</b>	<b>3,030</b>	<b>86</b>	<b>31,808</b>
At 31 December 2019	6,466	22,594	2,561	9	31,630

<b>Company</b>	<b>Freehold property £'000</b>	<b>Long leasehold property £'000</b>	<b>Fixtures, fittings and equipment £'000</b>	<b>Motor vehicles £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>					
At 1 January 2020	6,620	22,806	5,780	181	35,387
Additions	-	-	1,086	84	1,170
Transfer	-	-	-	-	-
Impairment	-	-	(1,904)	(121)	(2,025)
Revaluation	-	-	-	-	-
<b>At 31 December 2020</b>	<b>6,620</b>	<b>22,806</b>	<b>4,962</b>	<b>144</b>	<b>34,532</b>
<b>Depreciation</b>					
At 1 January 2020	154	212	3,314	172	3,852
Transfer	(106)	106	-	-	-
Disposal	-	-	(1,904)	(121)	(2,025)
Charge for year	259	108	617	7	991
<b>At 31 December 2020</b>	<b>307</b>	<b>426</b>	<b>2,027</b>	<b>58</b>	<b>2,818</b>
<b>Net book value</b>					
<b>At 31 December 2020</b>	<b>6,313</b>	<b>22,380</b>	<b>2,935</b>	<b>86</b>	<b>31,714</b>
At 31 December 2019	6,466	22,594	2,466	9	31,535

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 7. Tangible fixed assets (continued)

Revaluation of the company's freehold and leasehold properties was carried out in October 2018 by Christie + Co, valuation consultants, and is based on an existing use market value of £28,906k.

In September 2018 the freehold property known as Athelstan House was revalued by Savills (UK) Limited, chartered surveyors, based on existing use market value of £520k.

### 8. Investments

	2020 £'000	2019 £'000
<b>Investment in subsidiaries at cost</b>		
At 1 January	-	-
Disposals	-	-
<b>At 31 December</b>	-	-

#### Company

The company holds the whole of the issued share capital of the following companies:

	<b>Company Number</b>	<b>Principal activity</b>
Cornwall Care Services Limited	07607721	Care services
Cornwall Care Property Limited (*)	07128514	Property Developer

(\*) held by Cornwall Care Services Limited.

The registered address of the above subsidiary undertakings are the same as that of the parent company.

The financial statements for the year ended 31 December 2020 of Cornwall Care Property Limited (CCPL) and Cornwall Care Services Limited have been prepared on a going concern basis.

At the time Cornwall Care Limited's financial statements have been approved, the board of CCPL is considering CCPL's future and whether these align with the strategy of its parent, Cornwall Care Limited. The Board have plans to sell the land owned by CCPL before 31 March 2022 and anticipate that upon sale of this land CCPL will cease trading. The future of CCPL has yet to be formally determined.

As the timing of ceasing operations is not yet confirmed, this condition, along with the other matters explained in Cornwall Care Property Limited's financial statements, indicates the existence of a material uncertainty which may cast significant doubt about CCPL continuing as a going concern.

The company also owns 55% of Glenthorne Court (HD) Limited incorporated in England which is a property management company for the area surrounding head office. Its results are immaterial to the group.

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 8. Investments (*continued*)

#### Cornwall Care Property Limited

Summary profit and loss	2020 £'000	2019 £'000
Turnover	-	12
Cost of Sales	-	-
Administrative expenses	48	(12)
Gift Aid	-	-
<b>Net Profit/(loss)</b>	48	-
Taxation	-	-
<b>Profit/(loss) on ordinary activities after taxation</b>	48	-

#### Summary balance sheet

	2020 £'000	2019 £'000
The assets and liabilities of the subsidiary were:		
Current assets	439	523
Creditors: amounts falling due within one year	(3)	(14)
Provisions for liabilities and charges	(500)	(500)
Total net assets	(64)	9
<b>Aggregate share capital and reserves</b>	64	9

#### Cornwall Care Services Limited

Summary profit and loss	2020 £'000	2019 £'000
Turnover	27,339	23,283
Administrative expenses	(25,892)	(22,186)
Exceptional item	(845)	(121)
<b>(Loss)/profit on ordinary activities before taxation</b>	602	976
Taxation	-	-
<b>(Loss)/profit on ordinary activities after taxation</b>	602	976

#### Summary balance sheet

	2020 £'000	2019 £'000
The assets and liabilities of the subsidiary were:		
Fixed Assets	94	94
Current assets	4,476	3,739
Creditors: amounts falling due within one year	(2,129)	(1,994)
Total net assets	2,441	1,839
<b>Aggregate share capital and reserves</b>	2,441	1,839

**Notes to the financial statements for the year ended 31 December 2020**  
(continued)

**9. Debtors**

	Group		Company	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade debtors	2,912	1,577	2,912	1,577
Amount owed by group undertakings	-	-	-	-
Stock	84	-	84	-
Other debtors	(1)	7	(1)	2
Prepayments and accrued income	378	666	378	666
	<b>3,373</b>	<b>2,250</b>	<b>3,373</b>	<b>2,245</b>

Prepayments of £72k (2019: £90k) fall due after more than one year.

**10. Creditors: amounts falling due within one year**

	Group		Company	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Loans due within one year	820	437	820	437
Trade creditors	669	1,577	1,080	1,570
Amounts due to group undertakings	-	-	4,400	4,231
Other creditors	1,712	1,668	487	303
Outstanding pension contributions	218	-	-	-
Taxation and social security	649	528	(29)	6
Accruals and deferred income	1,347	929	1,338	814
	<b>5,415</b>	<b>5,139</b>	<b>8,096</b>	<b>7,361</b>

**Notes to the financial statements for the year ended 31 December 2020**  
(continued)

**11. Creditors: amounts falling due after more than one year**

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank and other loans	13,771	13,865	13,771	13,865
Deferred consideration	500	500	-	-
Derivative financial instrument (note 12)	-	68	-	68
	14,271	14,433	13,771	13,933

Loans repayable are analysed as follows

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Due in less than one year	820	437	820	437
Due over one year but under five years	3,660	3,395	3,660	3,395
Due in more than five years	10,111	10,470	10,111	10,470
	14,591	14,302	14,591	14,302

The company had two bank loans in operation at the year end being a £11.4m (2019: £10.60m) loan with Triodos Bank at a variable interest rate of 2.5% above Bank of England base rate. The £10.6m loan is repayable in 240 monthly repayments commencing 5 years after drawdown (January 2021). A further loan of £761k was drawn down in 2020 at a rate of 3.25% payable over 72 months commencing February 2022.

During 2019, the company took a loan with Cornwall Council which relates to the settlement of the LGPS deferred benefit pension scheme taken up in September 2018 for £4.2m with an interest rate at 1.75% repayable over 115 months.

The total amount of secured creditors is £11.4m (2019: £10.60m) and security is given by way of a fixed and floating charge over the company's fixed and current assets.

Deferred consideration of £500k for part of the land acquired in Wadebidge will be payable no later than 17 January 2022.

**Notes to the financial statements for the year ended 31 December 2020**  
(continued)

**12. Financial instruments - derivatives**

Group and company	<b>2020</b>	<b>2019</b>
<i>Financial liabilities measured at fair value through the statement of financial activities</i>	<b>£'000</b>	<b>£'000</b>
Interest rate swaps	69	69

The group has an interest rate swap agreement with Lloyds Bank. It is dated 18 March 2010, the rate was fixed at 4.72% on £7m and ended on 18 March 2020.

The fair value of the liability of the derivatives held at the balance sheet date, determined by reference to their market value is shown above. The movement in the fair value is recognised in the statement of financial activities: profit of £...k (2019: profit of £254k).

Interest swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

**13. Provisions for liabilities and charges**

<b>Deferred Tax</b>	Group		Company	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
At 1 January	-	-	-	-
Debit to statement of financial activities	-	-	-	-
At 31 December	-	-	-	-

<b>Deferred Tax</b>	Group		Company	
	<b>2020</b>	2019	<b>2020</b>	2019
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Short term timing differences	-	-	-	-
<b>Deferred tax provision</b>	-	-	-	-

**14. Designated funds – Group and Company**

	Balance at 1 January 2020 £'000	Transfer from General Fund £'000	<b>Balance at 31 December 2020 £'000</b>
Homes' amenities account	35	20	55

The Homes' amenities accounts are to provide minor comforts and benefits for residents in consultation with the residents and staff.

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 15. Unrestricted undesignated general funds

Group	General Fund £'000	Pension Fund £'000	Pension post settlement Fund £'000	Revaluation Reserve £'000	Total £'000
At 1 January 2020	(1,979)	-	(3,684)	20,537	14,874
Net incoming resources	901	-	454	-	1355
Revaluation of Fixed Assets	-	-	-	-	-
Transfer from designated fund - amenities account	(20)	-	-	-	(20)
<b>At 31 December 2020</b>	<b>(1,098)</b>	<b>-</b>	<b>(3,230)</b>	<b>20,537</b>	<b>16,244</b>

Company	General Fund £'000	Pension Fund £'000	Pension post settlement Fund £'000	Revaluation Reserve £'000	Total £'000
At 1 January 2020	(3,829)	-	(3,684)	20,537	13,024
Net incoming resources	374	-	454	-	828
Revaluation of Fixed Assets	-	-	-	-	-
Transfer from designated fund - amenities account	(20)	-	-	-	(20)
<b>At 31 December 2020</b>	<b>(3,475)</b>	<b>-</b>	<b>(3,230)</b>	<b>20,537</b>	<b>13,832</b>

### 16. Restricted fund – Group and Company

	Balance at 1 January 2020 £'000	Incoming resources £'000	Resources expended £'000	Transfer £'000	Balance at 31 December 2020 £'000
Huddy legacy	218	-	2	-	216

The Huddy legacy is for the benefit of residents at Trevarna Care Home.

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 17. Analysis of group net assets between funds

	Restricted Fund £'000	Designated Funds £'000	General Fund £'000	Pension post settlement Fund £'000	Revaluation Reserve £'000	Total £'000
Tangible fixed assets			11,271		20,537	31,808
Current assets	216	55	4,087			4,358
Current liabilities			(5,415)			(5,415)
Creditors due after more than one year			(11,041)	(3,230)		(14,271)
Provisions for liabilities and charges						
Pension liability						
<b>At 31 December 2020</b>	<b>216</b>	<b>55</b>	<b>(1,098)</b>	<b>(3,230)</b>	<b>20,537</b>	<b>16,480</b>

### 18. Commitments

As at 31 December 2020 annual commitments under non-cancellable operating leases were as follows:

Group and company	Land and buildings 2020 £'000	Land and Buildings 2019 £'000
	Leases expiring: Within two to five years	-

A sale agreement in respect of the Wadebridge site has now been renegotiated. This includes the removal of a requirement for a subsidiary company of Cornwall Care Limited to construct a road and footpath to adoptable standards by 17 January 2020.

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 19. Staff number and costs

The average monthly number of persons employed by the group (excluding directors) during the year was as follows (the numbers include full and part time employees):

	2020	2019
Care services	1,182	1,148
Management and administration	156	149
	1,338	1,297

The average monthly number of persons on a full time equivalent basis was as follows:

	2020	2019
Care services	643	583
Management and administration	145	138
	788	721

The aggregate payroll costs of these persons were as follows:

	2020 £'000	2019 £'000
Wages, salaries and other employment costs	22,953	25,900
Social security costs	1,698	1,381
Other pension costs	510	422
Staff restructuring costs		179
	25,161	27,882

The staff costs above include exceptional costs, costs recharged and capitalised project costs.

The number of staff receiving emoluments (including compensation for loss of office) in the following bands was as follows:

	2020	2019
£60,001 - £80,000	-	3
£80,001 - £90,000	-	3
£100,001 - £110,000	2	-
£120,001 - £130,000	-	1
£150,001-£160,000	1	-

The total remuneration of senior management for the group amounted to £639k (2019: £907k). Senior management includes Directors and members of the senior management team. During the year, the Group appointed an interim Director of Finance, an interim Director of Operations and an interim Director of Corporate Governance for which £99k (2019: £290k for an interim Chief Executive Officer) was paid to third parties for their services and is included in the total amount stated.

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 20. Remuneration of directors

The Directors of the company received no remuneration. (2019:£0) One Directors received reimbursement for travel cost and subsistence for attending meetings and training courses which amounted to £0.3k (2019: £5.9k) in total.

The company has Directors and Officers Liability insurance with Royal and Sun Alliance which provides £2m of indemnity insurance for the directors.

### 21. Related party transactions

At 31 December 2020, the company owed £Nil (2019: £Nil) to Trowers & Hamlins LLP, a limited liability partnership of whom Mr P Rees' offspring is a partner, as a result of transactions in the normal course of business totalling £11k (2019: £8k) during the year.

The company has taken advantage of the exemption under the terms of FRS102 from disclosing related party transactions with entities that are part of the Cornwall Care Limited group.

### 22. Custodian trustee

The company is custodian trustee of residents' savings bank accounts. The money held in these bank accounts at 31 December 2020 was £54k (2019: £49k). These accounts are in the residents own names, are separate from the company's own bank accounts and are not included in these financial statements.

### 23. Non adjusting events after the financial period

In accordance with FRS102, and guidance released by the ICAEW the emergence of the Coronavirus ("CV19") is deemed to be a non-adjusting post balance sheet event because the significant development and spread of CV19 in the United Kingdom did not take place until after January 2020.

Specifically although cases were reported to the World Health Organisation on 31 December 2019, its announcement of CV19 as a global pandemic was not made until 11 March 2020. The impact of CV19 on the going concern assessment for the company is outlined in note 1 to the financial statements.

Given the developing nature of this at the time of signing the financial statements management are unable to quantify the financial impact that this event has caused. It is possible that the fair value of assets of the Company have been negatively impacted when comparing to their current valuation.

At the date of signing the accounts, the Directors were made aware of potential court proceedings for a contractual dispute with Zellis Ltd. Whilst these accounts already include an adjustment of £285k relating to the potential legal claim, Zellis have advised that if the charity doesn't settle their claim in full by September 29<sup>th</sup> 2021 they would proceed with court action.