

Cornwall Care Limited

**Annual Report and Consolidated Financial Statements
Year Ended 31 December 2021**

Company registration number: 03079623

Charity registration number: 1053486

Cornwall Care Limited

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Cornwall Care Limited

Reference and Administrative Details

Directors	Ms H Bennett Mr J Day Mr D Law Mrs S Taylor Mr P Stewart Ms T Sorensen OBE Mr I Harris
Principal Office	Cornwall Care Health & Wellbeing Innovation Centre Treliske Truro Cornwall TR1 3FF The charity is incorporated in England and Wales.
Company Registration Number	03079623
Charity Registration Number	1053486
Solicitors	Foot Antsey LLP High Water House Malpas Road Truro TR1 1QH
Bankers	Lloyds Bank Plc PO Box 128 8 Royal Parade Plymouth PL1 1LX Triodos Bank NV Deanery Road Bristol BS1 5AS
Auditor	PKF Francis Clark Statutory Auditor Lowin House Tregolls Road Truro TR1 2NA

Cornwall Care Limited

Directors' report (incorporating Trustees' report and strategic report)

The Directors present their annual report, incorporating the Trustees' report and strategic report, for the year ended 31 December 2021 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.

Directors

Mr C Nicholls (resigned 1 December 2021)

Ms H Bennett

Mr J Day

Mr D Law (appointed 1 January 2021)

Mrs S Taylor (appointed 1 January 2021)

Mr P Stewart (appointed 1 October 2021)

Ms T Sorensen OBE (appointed 1 October 2021)

Mr I Harris (appointed 13 January 2022)

Objectives and activities

Objects and aims

The group's objects, as set out in the group'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 group'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 group's activities as reflected throughout the Directors' Report.

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Directors' report (incorporating Trustees' report and strategic report)

Objectives for the Year

The key objectives for the year were:

• **Providing safe, effective and high quality personal care to our clients:**

- o To provide quality care, through quality services that demonstrate that each individual member of staff practices with accountability.
- o 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:**

- o To achieve flexibility and adaptability we will build on our Education, Training and Practice development bedrock by nurturing the talent within our staff;
- o To grow a confident, competent workforce who can transfer skills to meet our clients' needs;
- o To recognise and promote a culture of achievement through work with service teams and implementation of staff survey; and
- o Recruit, train and retain staff who are skilled to deliver care to meet clients' 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:**

- o To understand what motivates our clients so that we can build relationships with them;
- o To emphasise the reinforcement of the brand through language, behaviour and communication promoting enquiries, dialogue and ultimately business;
- o 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;
- o To continue to demonstrate to our staff how valued they are; and
- o To continue to be the most expert and caring provider of services for older people and other client 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:**

- o To enhance the group's internal and external environments to enable these spaces to be an integral part of the quality of care and services we deliver;
- o To develop our existing estate in line with the care needs of the people we look after and the staff who support them; and
- o To achieve good property management through understanding the fabric of our existing stock and adopting a systematic approach to its maintenance and improvement.
- o To continue our focus on the health and safety.

• **To deliver financial stability and stimulate growth in order to reinvest in the group:**

- o To focus on the completion of the financial recovery and turnaround plan.
- o Develop high quality performance reporting in order to manage the business;
- o To achieve financial stability and good financial performance by ensuring income targets are met and costs are constrained and/or reduced to match our scale and complexity of operation.
- o To ensure that we maintain and improve cash flows and liquidity in order to continue to operate and meet our obligations.

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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 clients:**

The main aim has been to meet the increasing needs of our clients 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 clients. 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. Client 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. We have also reviewed our operating model to enable us to deliver care that meets the increasingly complex nature of care across Cornwall.

- **To deliver financial stability and stimulate growth in order to reinvest in the company:**

Despite the issues surrounding going concern noted in the prior year's Director's report, Cornwall Care has achieved positive and sustainable cash generation and EBITDA (Earnings before interest, taxation, depreciation and amortisation), the financial review is set out in detail from page 7. We continue to implement the objectives of the turnaround plan through 2022 and expect to continue on that trajectory for the next year and beyond.

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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 the needs of the residents of Cornwall.

The success of these objectives is measured by such outcomes such as client satisfaction, staff satisfaction and retention. 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 group to continue to grow and to provide high quality services to clients.

Principal Activities

The principal activity of the group 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 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.

Achievements and performance

A review of Cornwall Care's strategy and annual plan for 2021 confirmed positive progress in a number of areas in meeting planned targets. These include:

- **Financial targets:** The financial review is set out on page 7.
- **Service development:** We have responded to an increase in demand for specialist nursing care, working specifically with the NHS to deliver both rehabilitation and complex care services across Cornwall to residents with high levels of acuity. This has enabled the group to absorb some of the sector pressures that have impacted on occupancy and total fee income.
- **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.
- **Staff:** The group 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. Our Assistant Practitioner model, which will see graduates from our Care Academy begin work in service in 2022, is designed to develop levels of skill and capability to help meet the challenges from the ongoing staffing crisis.

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The group 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. 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. The ongoing staffing crisis in the sector shows no sign of abating and has required us to take a measured view of the breadth and scale of our operations to address some of those issues. The details of those changes are outlined within this commentary.

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Financial review

The financial performance of the group are reported in detail from page 31 in the notes to the accounts. A summary of the financial performance is provided below:

	2021	2020	
	£'000	£'000	Notes
Income	40,383	39,375	
Staff Costs	31,285	30,186	
Resident Costs	1,308	1,245	
Premises Costs	3,610	3,708	
Administration Costs	2,370	1,208	
EBITDA	1,810	3,028	
Exceptional Items	2,675	294	1
Interest (including pension related)	419	390	
Depreciation	1,193	991	
Surplus before revaluation	2,873	1,353	
Net assets	20,030	16,480	
Cash and cash equivalents	2,281	985	

Notes:

1 This exceptional item is the reversal of the impairment of costs to the value of £2.6m previously written off in respect of the plans to develop a care village on the Wadebridge land held in Cornwall Care Property Limited. Having taken advice previously, the directors believed that any disposal strategy would result in a break even position from the development of a care village at the Wadebridge land and accordingly an impairment was made. This development strategy was not implemented and during the year the directors undertook a valuation of the land at Wadebridge owned by Cornwall Care Property Limited and as a result determined that the impairment of costs undertaken in 2017/18, amounting to £2.7m, should be reversed in the current year and this has been reflected in the 2021 financial statements.

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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.

The group continued to deal with a number of operational and financial challenges throughout the year. There continues to be a focus on resolving the issues highlighted in the prior year's accounts in relation to going concern, the progress against which is outlined in more depth below. In summary, significant positive progress has been made in driving changes to both our operating model and cost base. This work has increased working capital and is driving resilience from the delivery of care services to a taut financial model for 2022 and beyond. Our ability to continue to deliver to our vision is underpinned by the transformation plan which the Board approved in December 2021. The Board are also continuing conversations with strategic partners on the direction of travel for the company to enable us to meet the challenges for health and social care in Cornwall.

The sector wide issues of the ongoing staffing crisis and COVID infections continued to place downward pressure on occupancy through 2021. Whilst the country experienced the gradual relaxing of restrictions, our homes continued to experience increased infection rates for both residents and staff. The peak infection rates, with Cornwall experiencing some of the highest infection rates in the country, introduced significant challenges for our residents, their families and our staff. This has come at a time when there is an urgent need for increased care capacity in the county with both the number of people needing care and the complexity of that care provision increasing. Recruiting and retaining people in the sector is paramount in being able to develop the skills and capabilities to deliver the care needs of residents both now and in the long term.

Despite the challenges noted here, the group continues to deliver to its charitable objectives through the tireless work with stakeholders to ensure people receive the care they need in our care homes and in the community.

Our staff have continued their amazing work with and for our residents under incredibly difficult circumstances. The Board wish to express its gratitude and heartfelt thanks for all of the hard work and commitment from our carers and support service colleagues who continue to achieve the extraordinary every single day.

In the year ended 31 December 2021, Cornwall Care Limited (CCL) have delivered an increase in net funds for the year before other recognised gains and losses of £2.9m (2020: £1.3m) and a total net increase in funds of £3.5m (2020: £1.3m). The net asset position at the year-end also increased to £20.0m (2020: £16.5m).

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Cornwall Care Limited's income totalled £40.4m (2020: £39.4m). The main source of income continued to be fees for residential and nursing care which made up £34.3m (2020: £35.1m) of income while domiciliary and community based services contributed £3.6m (2020: £2.3m).

During 2021 Cornwall Care Limited received £2.3m (2020: £1.6m) relating to COVID related grants and support.

Cornwall Care Limited's expenditure totalled £40.2m (2020: £37.7m) for the year which represents a 7% increase on 2020. As a labour-intensive service business, the staff costs (including agency 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 £2.0m for the year (2020: £3.0m).

Cash held in the business increased by £1.3 million in the year to £2.3 million at the year end.

Going concern incorporating post balance sheet events

The prior year's report highlighted the directors' concern about a material uncertainty with regards to going concern. The directors are pleased to report that the group has delivered a significant amount of change in the last nine months and that work continues at pace in addressing the concerns raised. We are now implementing the objectives of our turnaround plan which has resulted in a number of changes to the group's operating model and financial structure and the benefits of that have already delivered some initial success in the final quarter of 2021 and that has continued through 2022. It should be noted that the various sector specific challenges continue to place pressure on the group with the consequent impact to occupancy and the mix of fee income with the continuing high level of agency costs.

The directors are also in the final stages of merger conversations with a large national provider. The expectation is that the merger will be completed by the end of September 2022 which would see the Cornwall Care group become part of a much larger group and enable it to continue to deliver to our charitable objectives for the people of Cornwall and invest in our estate and our people. Based on the actions taken to date (noted below), and as a result of the merger process plans noted here, the Board are confident that the group is able to continue as a going concern.

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Actions

In October 2021, Cornwall Care Limited signed a contract with the NHS to provide rehabilitation and care services for residents with high levels of acuity including dementia. This contract has recently been extended to September 2022.

This contract, in the last two months of 2021, had a positive impact on our fee income which has helped absorb some of the pressures the group has experienced from declining occupancy levels. Budgeted occupancy for December 2021 was for 91% of registered beds to be occupied, we delivered only 82%. This was the result of staff vacancies and turnover, sickness and the direct impact of homes implementing infection control measures as required by Public Health England. This was a result of consistently high rates of COVID infections amongst both staff and residents.

Whilst the UK continues to relax restrictions, the requirement to implement these measures, whilst vitally important in protecting residents and staff, does impact on our ability to increase the number of people we can admit in to our homes. This has severely restricted our ability to take both private and commissioned residents and very few homes have achieved their budgeted occupancy. With the staffing crisis continuing in the sector we have incurred increased costs of agency staff. This had the effect of reducing our underlying margins excluding the short term NHS contract.

One of the tenets of our transformation plan was the need to reshape our operating model and review the size and shape of our care estate. This was to address areas of increased costs and also to deal with the reducing occupancy levels which continued to place significant downward pressure on our finances and working capital for the last six months of 2021.

The Board approved a savings plan in December 2021 which requires an overall reduction in costs, for both care and non-care services, of £5m.

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In delivering to the turnaround plan, the group took a number of actions in late 2021 which continue through 2022 and are unaffected by the merger process. The following major items are important to note:

- o The closure and sale of the group's support office in November 2021. The move to hybrid working left the Truro office building largely empty and surplus to requirements. The group accepted an offer on the building and that sale, and realisation of the cash value of £1m, will be finalised in September 2022.

- o The group made the difficult decision in January 2022 to mothball three of its care homes and consolidate its operating estate whilst focusing on the transformation of its operating model. The turnaround plan identified homes that weren't performing financially as a direct result of staff shortages and increasing levels of agency spend which, combined with reducing occupancy, had placed significant downward pressure on each home. The successful delivery of this project is set to deliver a full year impact of £2.3m to the profit and loss and working capital position from reduced building, overhead and agency costs. All front line staff were retained through the consultation process and residents were transferred to their closest homes.

- o In setting out the actions to increase working capital, the group has reduced trade debtors and has collected over £1 million of legacy debt. Having also delayed payment of £1.5m of PAYE, the company entered into negotiations with HMRC for a time to pay arrangement. The repayments are already being made and the debt will be fully repaid in September 2022.

- o A review of procurement will result in a £1.6m reduction in non-payroll operating costs.

- o The group hadn't completed a care needs assessment since before the pandemic which had been delayed as a result. In September 2021, that review resulted in fee increases of £800k on a full year basis and that uplift has been built into the 2022 budget.

The financial projections through to the end of December 2023 confirm the group's ability to continue as a going concern even without the planned merger. It's important to note that there will be no changes to our plans post the merger and we will continue to deliver to pre-agreed corporate budgets and the objectives of our turnaround plan.

Whilst the forecasted profit and loss is showing a reduction in total income for 2023, that's the full year impact from the mothballing of three homes in early 2022. The continuing cost recovery programme will see indirect and support service costs continue to reduce through the next eighteen months. The group would expect some flexibility in these assumptions as we deal with an increase in the complexity of care that residents require and absorb the impact of the increased costs of both care and non-care goods and services.

The group will continue to review its strategic options through the merger process to enable it to meet the long term care needs of the residents of Cornwall. In approving the turnaround plan, the board have also prepared alternative scenarios in mitigating the risk from the cost recovery programme not being delivered in full. In context the merger, which is expected to conclude in September 2022, means these alternative plans are scenarios and aren't expected to be implemented. The group isn't being complacent and will continue to review its estate and operating model and look at generating value from unencumbered assets and consolidating further our operations if that is indeed required. There is now a clear focus and energy around completing the merger process.

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Our charitable activities will continue to drive profits and positive cash flow as a result of the actions we've taken. Our projections are conservative; the corporate budget for 2022 sets occupancy levels at 82% which are felt to be achievable based on the lack of capacity in the care sector as a whole which the group is well placed to fulfil.

Against the forecast of £2.8m the group achieved an EBITDA of £1.8m in the year (2020: £3.0m) driven by our noted financial pressures in advance of the group implementing the turnaround plan. The early turnaround actions delivered a much more robust cash position by year end. Cash balances at the balance sheet date were £2.3m (2020: £0.9m).

The company meets monthly with our capital funding provider, Triodos, to review our performance and future plans and covenant compliance. The bank remain very supportive of the business and the company has met all of its covenants and that position is expected to continue through 2022.

As a direct result of the actions taken within the turnaround plan, the Board have approved a financial plan that is expected to produce an EBITDA of £3.6m, a circa 10.0% return on planned income. 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, operating model and our staff.

The Board is confident there is no longer a material uncertainty as to the group's ability to continue as a going concern. This assessment is based on the work and initial successes in delivering to the turnaround plan, and stabilisation of the group's financial position, combined with the positive trading results in the first quarter of 2022 and forward financial and operational plan.

For the 2022 financial year, the delivery to our turnaround plan is projected to deliver the following financial outcomes:

- o EBITDA of £3.6m (2021: £2.0m)
- o An increase in working capital to £3.0m (2021: £2.3m)
- o Reduced agency costs of £3.1m (2021: £4.1m)

The group is expected to be well within all of its agreed banking covenants with Triodos in the coming year and beyond.

Recent Trading

The group has delivered strong results in the first half of the 2022 financial year compared to the corporate budget and prior year position to June 2021.

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 6,500 hours of care per month in our community settings.

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Cornwall Care's 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. The Board are also mindful of the Government's pending social care reform programme which will take full effect in September 2023. In summary our approach to setting resident fees doesn't introduce any additional risk to our long term plans at this juncture. The Board will of course review and adjust our strategies and plans as the impact to the sector of the reforms become more tangible.

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 client 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 expected to be a 12 month positive cash flow position from the date of signing this report and the forecasting assumptions around income have been made conservatively and our projections include the controlled expenditure limits agreed with the Board in November 2021. Our cash flow continues on a resilient trajectory as noted in the Financial Statements.

We recognise that availability of 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 and the early months of 2022 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 has seen the successful launch of academic and operational service delivery based accredited and non-accredited courses for new and existing care professionals. We are also exploring new models of working in collaboration with commissioners, regulators and Universities.

Loans

The group had one bank loan in operation at the year-end of £11.2m (2021: £11.9m) from Triodos Bank. The group has a loan with Cornwall Council of £2.4m (2021: £2.8m) in respect of the pension scheme which is repayable in monthly 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 group has the power to make any investment that the Directors see fit.

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Reserves policy

As at 31 December 2021, the group had unrestricted income funds of £19.8m (2020: £16.3m) of which £nil (2020: £nil) was freely available. The balance was invested in fixed assets or was designated for other purposes as detailed in note 20 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 group is exposed, in particular those related to the operations and finances of the group, and are satisfied that systems are in place to mitigate exposure to major risks.

The Board of Directors and Audit and Risk Committee ensure that the major risks to which the group 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 reductions in public sector budgets.

Financial risk management

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

Credit risk

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

Liquidity risk

The group monitors its working capital requirements and cash flows to ensure that the group 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 compliance training needs.

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Plans for future periods

The existing business plan has six principal objectives for 2022 and beyond:

- 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 group;
- 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 group recognises its responsibilities in relation to people with disabilities. The group 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 group's policy, if practicable, to provide continuing employment under the group's terms and conditions and to provide appropriate training.

Structure, governance and management

Nature of 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.

Organisational structure

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.

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.

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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 group 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 group as a whole. Within each business unit the manager holds regular staff meetings to ensure that the group'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.

Arrangements for setting key management personnel remuneration

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 Trustees 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 in the year which Mr P Rees (a director of Cornwall Care Services Limited up to 31 October 2021) has close family who is a partner of the law firm. These transactions are disclosed in note 24.

Cornwall Care Limited

Directors' report (incorporating Trustees' report and strategic report)

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 were provided by Bishop Fleming. In 2021 they undertook 1 audit. 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, within our financial standing orders, 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 Committee, whose members are Trustees, meets regularly with the objective of providing assurance to the Board regarding the operation of such controls.

Funds held as custodian trustee on behalf of others

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

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, clients 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.'

Cornwall Care Limited

Directors' report (incorporating Trustees' report and strategic report)

The following paragraphs summarise how the Directors' fulfil their duties:

Performance delivery and risk management

During 2021 the Board reviewed and approved a turnaround plan that required a review of operational and financial benchmarks that the group needs to perform against in delivering to the plan. The progress to these plans is reported to the Board in the normal cycle of formal meetings with a series of weekly meetings to review progress to the plan and to identify risks and mitigating actions. Our overarching objectives include aligning longer term care models with the evidence based anticipated changes in volume and complexity of care required by people in Cornwall. Our performance to this plan, including local and national benchmarks, is important in delivering to our charitable objectives.

During 2021 the Directors have revisited the governance, assurance and risk management approaches used within our group 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 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.

Cornwall Care Limited

Directors' report (incorporating Trustees' report and strategic report)

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 Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each member has taken steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Directors of the charity on 18.08.22 and signed on its behalf by:



.....
Mrs S Taylor
Trustee

Cornwall Care Limited

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

Opinion

We have audited the financial statements of Cornwall Care Limited (the 'charitable parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021, which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, , Balance Sheet, Consolidated Statement of Cash Flows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (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 parent charity's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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.

Cornwall Care Limited

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

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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the and Directors' report (incorporating Trustees' report and strategic report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the and Directors' report (incorporating Trustees' report and strategic report) have 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the and the Directors' report (incorporating Trustees' report and strategic 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 charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable 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 Statement of Directors' Responsibilities (set out on page 20), 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Cornwall Care Limited

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

Auditor's responsibilities for the audit of the financial statements

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

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:

Cornwall Care Limited

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

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, employment law 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 reports 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, accuracy of revenue cut off, 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.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Cornwall Care Limited

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

Use of our report

This report is made solely to the charitable parent 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 group'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 charitable parent company and its 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

09/09/2022
Date:.....

Cornwall Care Limited

Consolidated Statement of Financial Activities

Year Ended 31 December 2021

(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Total 2021 £ 000
Income and Endowments from:				
Donations and legacies	3	50	-	50
Charitable activities	4	38,067	-	38,067
Investment income			-	
Other income	5	2,266	-	2,266
Total income		40,383	-	40,383
Expenditure on:				
Charitable activities	6	(40,184)	-	(40,184)
Total expenditure		(40,184)	-	(40,184)
Exceptional items		2,675	-	2,675
Net income		2,873	-	2,873
Other recognised gains and losses				
Gains/losses on revaluation of fixed assets		676	-	676
Net movement in funds		3,549	-	3,549
Reconciliation of funds				
Total funds brought forward		16,264	216	16,480
Total funds carried forward	21	19,814	216	20,030

The notes on pages 31 to 57 form an integral part of these financial statements.

Cornwall Care Limited

Consolidated Statement of Financial Activities

Year Ended 31 December 2021

(Including Consolidated Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Note	Unrestricted funds £ 000	Restricted funds £ 000	Total 2020 £ 000
Income and Endowments from:				
Donations and legacies	3	65	-	65
Charitable activities	4	37,616	-	37,616
Investment income			-	
Other income	5	1,694	-	1,694
Total income		<u>39,375</u>	<u>-</u>	<u>39,375</u>
Expenditure on:				
Charitable activities	6	<u>(37,726)</u>	<u>(2)</u>	<u>(37,728)</u>
Total expenditure		(37,726)	(2)	(37,728)
Exceptional items		<u>(294)</u>	<u>-</u>	<u>(294)</u>
Net income/(expenditure)		<u>1,355</u>	<u>(2)</u>	<u>1,353</u>
Net movement in funds		1,355	(2)	1,353
Reconciliation of funds				
Total funds brought forward		<u>14,909</u>	<u>218</u>	<u>15,127</u>
Total funds carried forward	21	<u><u>16,264</u></u>	<u><u>216</u></u>	<u><u>16,480</u></u>

All of the group's activities derive from continuing operations during the above two periods.

The funds breakdown for 2020 is shown in note 21.

Cornwall Care Limited

Consolidated Balance Sheet

31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	13	32,300	31,808
Investments	14	-	-
		<u>32,300</u>	<u>31,808</u>
Current assets			
Stocks	15	2,675	84
Debtors	16	3,256	3,289
Cash at bank and in hand	17	2,281	985
		<u>8,212</u>	<u>4,358</u>
Creditors: Amounts falling due within one year	18	<u>(6,845)</u>	<u>(5,415)</u>
Net current assets/(liabilities)		<u>1,367</u>	<u>(1,057)</u>
Total assets less current liabilities		33,666	30,751
Creditors: Amounts falling due after more than one year	19	<u>(13,637)</u>	<u>(14,271)</u>
Net assets		<u>20,030</u>	<u>16,480</u>
Funds of the group:			
Restricted income funds			
Restricted funds	21	216	216
Unrestricted income funds			
Unrestricted funds		<u>19,814</u>	<u>16,264</u>
Total funds	21	<u>20,030</u>	<u>16,480</u>

The financial statements on pages 26 to 57 were approved by the Directors, and authorised for issue on 18.08.22 and signed on their behalf by:



.....
Mrs S Taylor
Trustee

Company Registration Number: 03079623

The notes on pages 31 to 57 form an integral part of these financial statements.

Cornwall Care Limited

Balance Sheet

31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	13	32,266	31,714
Investments			
		<u>32,266</u>	<u>31,714</u>
Current assets			
Stocks	15		84
Debtors	16	3,245	3,289
Cash at bank and in hand	17	2,266	883
		<u>5,511</u>	<u>4,256</u>
Creditors: Amounts falling due within one year	18	<u>(6,274)</u>	<u>(8,096)</u>
Net current liabilities		<u>(763)</u>	<u>(3,840)</u>
Total assets less current liabilities		31,504	27,875
Creditors: Amounts falling due after more than one year	19	<u>(13,637)</u>	<u>(13,771)</u>
Net assets		<u>17,867</u>	<u>14,103</u>
Funds of the charity:			
Restricted income funds			
Restricted funds	21	216	216
Unrestricted income funds			
Unrestricted funds		<u>17,651</u>	<u>13,887</u>
Total funds	21	<u>17,867</u>	<u>14,103</u>

The financial statements on pages 26 to 57 were approved by the Directors, and authorised for issue on18.08.22... and signed on their behalf by:



.....
Mrs S Taylor
Trustee

Company Registration Number: 03079623

The notes on pages 31 to 57 form an integral part of these financial statements.

Cornwall Care Limited

Consolidated Statement of Cash Flows

Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Surplus for the year		3,549	1,353
Adjustments to cash flows from non-cash items			
Depreciation	8	1,193	991
Investment income			
Interest payable		419	390
Freehold property revaluation		(677)	-
		<u>4,484</u>	<u>2,734</u>
Working capital adjustments			
Increase in stocks	15	(2,591)	(84)
Decrease/(increase) in debtors	16	33	(944)
Increase in creditors	18	1,117	114
(Decrease)/increase in deferred income	19	(500)	
Net cash flows from operating activities		<u>2,543</u>	<u>1,819</u>
Cash flows from investing activities			
Interest receivable and similar income			
Purchase of tangible fixed assets	13	<u>(1,007)</u>	<u>(1,170)</u>
Net cash flows from investing activities		<u>(1,007)</u>	<u>(1,170)</u>
Cash flows from financing activities			
Interest payable and similar charges		(419)	(390)
Value of new loans obtained during the period		959	-
Repayment of loans and borrowings	18	<u>(780)</u>	<u>(94)</u>
Net cash flows from financing activities		<u>(240)</u>	<u>(484)</u>
Net increase in cash and cash equivalents		1,296	166
Cash and cash equivalents at 1 January		<u>985</u>	<u>819</u>
Cash and cash equivalents at 31 December		<u><u>2,281</u></u>	<u><u>985</u></u>

All of the cash flows are derived from continuing operations during the above two periods.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

1 Charity status

The charity is limited by guarantee, incorporated in England and Wales, and consequently does not have share capital. Each of the Directors is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.

The address of its registered office is:
Cornwall Care Health & Wellbeing Innovation Centre
Treliske
Truro
Cornwall
TR1 3FF

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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). They also comply with the Companies Act 2006 and Charities Act 2011.

Basis of preparation

Cornwall Care Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

2 Accounting policies (continued)

Going concern

The prior year's report highlighted the directors' concern about a material uncertainty with regards to going concern. The group has delivered a significant amount of change in the last nine months and that work continues at pace in addressing the concerns raised. The group continues to implement the objectives of the turnaround plan which have resulted in a number of changes to the charity's operating model and financial structure and the benefits of that have already delivered some initial success in the final quarter of 2021 and that is expected to continue through 2022. It should be noted that the various sector specific challenges continue to place pressure on the group with the consequent impact to occupancy and the mix of fee income with the continuing high level of agency costs.

The directors are also in the final stages of merger conversations with a large national provider. The expectation is that the merger will be completed by the end of September 2022 which would see the group become part of a much larger group. The Board have prepared forecasts and considered the period to 31 December 2024 and based on the actions taken to date and as a result of the merger process plans, the Board are confident that the group is able to continue as a going concern and the financial statements have therefore been drawn up on the going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 key judgement that has a significant impact on the financial statements is in respect of going concern, as described above.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below:

Land and buildings. Properties are carried at cost, less accumulated depreciation and any subsequent accumulated impairment loss. This requires an estimation in the depreciation rates used as well as assessment of the particular circumstances of each care home to assess whether an indicator of impairment has occurred. Included within the net book value of land and buildings is £6,160,246 (2020 - £6,313,742) in respect of freehold land and buildings and £22,838,980 (2020 - £22,378,046) in respect of leaseholds

Trade debtors. Provision is made against amounts which are considered doubtful on a specific client by client basis. The carrying value of trade debtors at the year end is £2,772,000 (2020 - £2,911,000).

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

2 Accounting policies (continued)

Income and endowments

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

Donations and legacies

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance by the charity before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that these conditions will be fulfilled in the reporting period.

Legacy gifts are recognised on a case by case basis following the grant of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the charity.

Grants receivable

Grants are recognised when the group has an entitlement to the funds and any conditions linked to the grants have been met. Where performance conditions are attached to the grant and are yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Investment income

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Expenditure

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

Charitable activities

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

2 Accounting policies (continued)

Support costs

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tangible fixed assets

Fixed assets are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Freehold property	2% straight line
Long leasehold properties	over the term of the lease
Computer equipment	25% straight line
Fixtures, fittings and other equipment	25% straight line
Motor vehicles	25% straight line
Long term equipment	10% straight line
Photo voltaic panels	4% straight line

Research and development

Research and development expenditure is written off as incurred.

Business combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

2 Accounting policies (continued)

Fixed asset investments

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

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

Stock

Stock is valued at the lower of cost and estimated selling price less costs to complete and sell, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO).

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the charity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

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

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the charity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

2 Accounting policies (continued)

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Fund structure

Unrestricted income funds are general funds that are available for use at the Directors's discretion in furtherance of the objectives of the group.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

Pensions and other post retirement obligations

The group operates a defined contribution pension scheme which is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised in the Statement of Financial Activities when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

2 Accounting policies (continued)

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in statement of financial activities immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in statement of financial activities depends on the nature of the hedge relationship.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

3 Income from donations and legacies

	Unrestricted funds General £ 000	Total funds £ 000
Donations and legacies;		
Donations from companies, trusts and similar proceeds	1	1
Donations from individuals	41	41
Legacies	1	1
Grants, including capital grants;		
Grants from other charities	7	7
Total for 2021	<u>50</u>	<u>50</u>
Total for 2020	<u>65</u>	<u>65</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

4 Income from charitable activities

	Unrestricted funds General £ 000	Total funds £ 000
Care Home	35,642	35,642
Home Care	2,425	2,425
Total for 2021	<u>38,067</u>	<u>38,067</u>
Total for 2020	<u>37,616</u>	<u>37,616</u>

5 Other income

	Unrestricted funds General £ 000	Total 2021 £ 000	Total 2020 £ 000
Grants	2,255	2,255	1,660
Training	-	-	20
Other	10	10	14
	<u>2,266</u>	<u>2,266</u>	<u>1,694</u>

Of the other income, £2,259k was attributable to restricted funds (2020: £1,660k) and the balance of £7k related to unrestricted funds (2020: £34k). The grants received were in respect of Covid-19 related support.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

6 Expenditure on charitable activities

		Unrestricted funds General £ 000	Total 2021 £ 000	Total 2020 £ 000
	Note			
Resident Costs		1,308	1,308	1,246
Premises and equipment costs		3,140	3,140	2,985
Communications		924	924	667
Legal and professional		571	571	481
Other care expenses		249	249	303
Depreciation, amortisation and other similar costs		1,193	1,193	991
Staff costs		22,644	22,644	22,426
Agency staff costs		4,086	4,086	4,267
Other staff costs		631	631	704
Allocated support costs	7	5,439	5,439	3,658
		<u>40,184</u>	<u>40,184</u>	<u>37,728</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

7 Analysis of support costs

Charitable activities expenditure

	Unrestricted funds General £ 000	Total funds £ 000
Staff costs	3,873	3,873
Other staff costs	41	41
Premises and equipment	470	470
Loan Interest payable	419	419
Other admin expense	636	636
Total for 2021	<u>5,439</u>	<u>5,439</u>
Total for 2020	<u>3,657</u>	<u>3,657</u>

8 Exceptional items

	Unrestricted funds General £ 000	Total funds £ 000
Exceptional items	<u>2,675</u>	<u>2,675</u>
Total for 2021	<u>2,675</u>	<u>2,675</u>
Total for 2020	<u>(294)</u>	<u>(294)</u>

Exceptional income in 2021 of £2,675k relates to the write back of costs previously written off in respect of the plans to develop a care village including cost of exercising the option to purchase a 10 acre site in Wadebridge completed in January 2018.

Exceptional expense in 2020 of £294k comprises £(47k) write back of work in progress and development income associated with the Wadebridge project, £285k costs provided for the potential legal claim re Zellis and £56k of staff placement fees as staff transferred from Newcross agency.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

9 Net incoming/outgoing resources

Net incoming resources for the year include:

	2021	2020
	£ 000	£ 000
Depreciation of fixed assets	1,193	991
Remuneration to auditors for audit services - group	26	19
Remuneration to auditors for audit services - company	5	3
Remuneration to auditors for tax services - company	3	3
Write back development costs	<u>(2,675)</u>	<u>(47)</u>

10 Trustees remuneration and expenses

Two directors of the company received remuneration totalling £24,000 (2020: Nil). No directors received reimbursement for travel costs and subsistence for attending meetings and training courses.

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

11 Staff costs

The aggregate payroll costs were as follows:

	2021	2020
	£ 000	£ 000
Staff costs during the year were:		
Wages and salaries	24,235	22,953
Social security costs	1,782	1,698
Pension costs	<u>500</u>	<u>510</u>
	<u>26,517</u>	<u>25,161</u>

The monthly average number of persons (including senior management team) employed by the group during the year expressed as full time equivalents was as follows:

	2021	2020
	No	No
Care services	663	643
Management and Administration	<u>176</u>	<u>145</u>
	<u>839</u>	<u>788</u>

The number of employees whose emoluments fell within the following bands was:

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

11 Staff costs (continued)

	2021	2020
	No	No
£60,001 - £70,000	3	-
£70,001 - £80,000	2	-
£80,001 - £90,000	1	-
£100,001 - £110,000	-	2
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1
	<u> </u>	<u> </u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

12 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.

No tax has been accrued for the profits of the trading subsidiaries as the gift aid payment will be made before 30 September 2022, nine months after the year end.

13 Tangible fixed assets

Group

	Land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost				
At 1 January 2021	29,425	5,089	143	34,657
Revaluations	70	-	-	70
Additions	-	960	47	1,007
At 31 December 2021	<u>29,495</u>	<u>6,049</u>	<u>190</u>	<u>35,734</u>
Depreciation				
At 1 January 2021	734	2,058	57	2,849
Revaluations	(607)	-	-	(607)
Charge for the year	369	792	32	1,193
At 31 December 2021	<u>496</u>	<u>2,850</u>	<u>89</u>	<u>3,435</u>
Net book value				
At 31 December 2021	<u>28,999</u>	<u>3,200</u>	<u>101</u>	<u>32,300</u>
At 31 December 2020	<u>28,691</u>	<u>3,032</u>	<u>86</u>	<u>31,809</u>

Included within the net book value of land and buildings above is £6,160,246 (2020 - £6,313,742) in respect of freehold land and buildings and £22,838,980 (2020 - £22,378,046) in respect of leaseholds.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

13 Tangible fixed assets (continued)

Charity

	Land and buildings £ 000	Furniture and equipment £ 000	Motor vehicles £ 000	Total £ 000
Cost				
At 1 January 2021	29,425	4,965	143	34,533
Revaluations	70	-	-	70
Additions	-	960	47	1,007
At 31 December 2021	<u>29,495</u>	<u>5,925</u>	<u>190</u>	<u>35,610</u>
Depreciation				
At 1 January 2021	734	2,028	57	2,819
Revaluations	(607)	-	-	(607)
Charge for the year	369	731	32	1,131
At 31 December 2021	<u>496</u>	<u>2,759</u>	<u>89</u>	<u>3,344</u>
Net book value				
At 31 December 2021	<u>28,999</u>	<u>3,167</u>	<u>101</u>	<u>32,266</u>
At 31 December 2020	<u>28,691</u>	<u>2,937</u>	<u>86</u>	<u>31,714</u>

Included within the net book value of land and buildings above is £6,160,246 (2020 - £6,313,742) in respect of freehold land and buildings and £22,838,980 (2020 - £22,378,046) in respect of leaseholds.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

14 Fixed asset investments

Charity

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000	Total £ 000
Cost		
At 1 January 2021	-	-
At 31 December 2021	-	-
Net book value		
At 31 December 2021	-	-
At 31 December 2020	-	-

Details of undertakings

Details of the investments in which the charity holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held		Principal activity
			2021	2020	
Subsidiary undertakings					
Cornwall Care Services Limited	England and Wales	Ordinary	100%	100%	Care services
Cornwall Care Property Limited	England and Wales	Ordinary	100%	100%	Property developer

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

14 Fixed asset investments (continued)

Subsidiaries

The profit for the financial period of Cornwall Care Services Limited was £1,263,000 (2020 - £1,445,000) and the aggregate amount of capital and reserves at the end of the period was £2,204,000 (2020 - £2,441,000).

The profit for the financial period of Cornwall Care Property Limited was £19,000 (2020 - £39,000) and the aggregate amount of capital and reserves at the end of the period was £67,000 (2020 - £48,000).

The shares in Cornwall Care Property Limited are held by Cornwall Services Limited, a wholly owned subsidiary of Cornwall Care Limited.

15 Stock

	2021 £ 000	Group 2020 £ 000	2021 £ 000	Charity 2020 £ 000
Development properties	<u>2,675</u>	<u>84</u>	<u> </u>	<u>84</u>

Included in stock is the reversal of the impairment of costs to the value of £2.6m previously written off in respect of the plans to develop a care village on the Wadebridge land held in Cornwall Care Property Limited.

16 Debtors

	2021 £ 000	Group 2020 £ 000	2021 £ 000	Charity 2020 £ 000
Trade debtors	2,772	2,911	2,772	2,911
Prepayments	152	155	141	155
Accrued income	<u>331</u>	<u>223</u>	<u>331</u>	<u>223</u>
	<u>3,256</u>	<u>3,289</u>	<u>3,245</u>	<u>3,289</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

17 Cash and cash equivalents

	2021	Group	2021	Charity
	£ 000	2020	£ 000	2020
		£ 000		£ 000
Cash on hand	10	6	10	6
Cash at bank	<u>2,271</u>	<u>979</u>	<u>2,256</u>	<u>876</u>
	<u>2,281</u>	<u>985</u>	<u>2,266</u>	<u>883</u>

18 Creditors: amounts falling due within one year

	2021	Group	2021	Charity
	£ 000	2020	£ 000	2020
		£ 000		£ 000
Bank loans	700	393	700	393
Trade creditors	1,248	670	1,248	1,080
Other loans	434	427	434	427
Due to group undertakings	-	-	2,460	4,400
Other taxation and social security	1,320	649		
Other creditors	1,446	1,929	235	458
Accruals	<u>1,697</u>	<u>1,347</u>	<u>1,197</u>	<u>1,338</u>
	<u>6,845</u>	<u>5,415</u>	<u>6,274</u>	<u>8,096</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

19 Creditors: amounts falling due after one year

	2021 £ 000	Group 2020 £ 000	2021 £ 000	Charity 2020 £ 000
Bank loans	11,228	10,969	11,228	10,969
Other loans	2,409	2,803	2,409	2,803
Deferred income	-	500	-	-
	<u>13,637</u>	<u>14,271</u>	<u>13,637</u>	<u>13,771</u>

Group

Included in the creditors are the following amounts due after more than five years:

	2021 £ 000	2020 £ 000
After more than five years by instalments	<u>8,679</u>	<u>9,707</u>

Charity

Included in the creditors are the following amounts due after more than five years:

	2021 £ 000	2020 £ 000
After more than five years by instalments	<u>8,679</u>	<u>9,707</u>

Bank and other loans

The company had two bank loans in operation at the year end. The first being a £10.2m (2020: £10.6m) loan with Triodos Bank at a variable interest rate of 2.5% above Bank of England base rate. The £10.2m loan is repayable in 240 monthly repayments which commenced 5 years after drawdown (January 2021). A further loan of £1.7m (2020: £0.8m) was drawn down in 2021 and 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 balance outstanding as at 2021 was £2.4m (2020: £2.8m). The total amount of secured creditors is £11.9m (2020: £11.4m) and security is given by way of a fixed and floating charge over the company's fixed and current assets.

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

20 Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £438,630 (2020 - £444,057). The year end creditor in respect of pension contributions was £150,450 (2020: £176,361).

The group operates a deefined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £438,630 (2020 - £444,057).

21 Funds

Group

	Balance at 1 January 2021 £ 000	Net Incoming resources £ 000	Balance at 31 December 2021 £ 000
Unrestricted funds			
General			
General fund	(1,098)	2,440	1,342
Pension post settlement fund	(3,230)	434	(2,796)
Revaluation Reserve	20,537	676	21,213
	<u>16,209</u>	<u>3,550</u>	<u>19,759</u>
Designated			
Homes' amenities account	<u>55</u>	<u>-</u>	<u>55</u>
Total unrestricted funds	16,264	3,550	19,814
Restricted funds			
Huddy legacy	<u>216</u>	<u>-</u>	<u>216</u>
Total funds	<u><u>16,480</u></u>	<u><u>3,550</u></u>	<u><u>20,030</u></u>

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

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

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

21 Funds (continued)

	Balance at 1 January 2020 £ 000	Net Incoming resources £ 000	Transfers £ 000	Balance at 31 December 2020 £ 000
Unrestricted funds				
<i>General</i>				
General fund	(1,979)	901	(20)	(1,098)
Pension post settlement fund	(3,684)	454	-	(3,230)
Revaluation Reserve	20,537	-	-	20,537
	<u>14,874</u>	<u>1,355</u>	<u>(20)</u>	<u>16,209</u>
<i>Designated</i>				
Homes' amenities account	<u>35</u>	<u>-</u>	<u>20</u>	<u>55</u>
Total unrestricted funds	14,909	1,355	-	16,264
Restricted funds				
Huddy legacy	<u>218</u>	<u>(2)</u>	<u>-</u>	<u>216</u>
Total funds	<u>15,127</u>	<u>1,353</u>	<u>-</u>	<u>16,480</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

21 Funds (continued)

Charity

	Balance at 1 January 2021 £ 000	Net Incoming resources £ 000	Transfers £ 000	Balance at 31 December 2021 £ 000
Unrestricted funds				
General				
General fund	(3,475)	2,654	-	(822)
Designated				
Homes' amenities account	55	-	-	55
Other				
Pension post settlement	(3,230)	434	-	(2,796)
Revaluation reserve	20,537	676	-	21,213
	<u>17,307</u>	<u>1,110</u>	<u>-</u>	<u>18,417</u>
Total unrestricted funds	13,887	3,764	-	17,651
Restricted funds				
Huddy legacy	<u>216</u>	<u>-</u>	<u>-</u>	<u>216</u>
Total funds	<u>14,103</u>	<u>3,764</u>	<u>-</u>	<u>17,867</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

21 Funds (continued)

	Balance at 1 January 2020 £ 000	Net Incoming resources £ 000	Transfers £ 000	Balance at 31 December 2020 £ 000
Unrestricted funds				
General				
General fund	(3,829)	374	(20)	(3,475)
Designated				
Homes' amenities account	35	-	20	55
Other				
Pension post settlement	(3,684)	454	-	(3,230)
Revaluation reserve	20,537	-	-	20,537
	<u>16,853</u>	<u>454</u>	<u>-</u>	<u>17,307</u>
Total unrestricted funds	13,059	828	-	13,887
Restricted funds				
Huddy legacy	<u>218</u>	<u>(2)</u>	<u>-</u>	<u>216</u>
Total funds	<u>13,277</u>	<u>826</u>	<u>-</u>	<u>14,103</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

22 Analysis of net assets between funds

Group

	General Fund £ 000	Designated Fund £ 000	Revaluation Reserve £ 000	Pension post settlement Fund £ 000	Restricted Fund £ 000	Total Funds as at 31 December 2021 £ 000
Tangible fixed assets	11,087	-	21,213	-	-	32,300
Current assets	7,941	55	-	-	216	8,212
Current liabilities	(6,845)	-	-	-	-	(6,845)
Creditors over 1 year	<u>(10,841)</u>	<u>-</u>	<u>-</u>	<u>(2,796)</u>	<u>-</u>	<u>(13,637)</u>
Total net assets	<u>1,342</u>	<u>55</u>	<u>21,213</u>	<u>(2,796)</u>	<u>216</u>	<u>20,030</u>

	General Fund £ 000	Designated Fund £ 000	Revaluation Reserve £ 000	Pension post settlement Fund £ 000	Restricted Fund £ 000	Total Funds as at 31 December 2020 £ 000
Tangible fixed assets	11,271	-	20,537	-	-	31,808
Current assets	-	55	-	-	216	271
Current liabilities	(5,415)	-	-	-	-	(5,415)
Creditors over 1 year	<u>(11,041)</u>	<u>-</u>	<u>-</u>	<u>(3,230)</u>	<u>-</u>	<u>(14,271)</u>
Total net assets	<u>(5,185)</u>	<u>55</u>	<u>20,537</u>	<u>(3,230)</u>	<u>216</u>	<u>12,393</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

22 Analysis of net assets between funds (continued)

Charity

	General Fund £ 000	Designated Fund £ 000	Revaluation Reserve £ 000	Pension post settlement Fund £ 000	Restricted Fund £ 000	Total Funds as at 31 December 2021 £ 000
Tangible fixed assets	11,729	-	20,537	-	-	32,266
Current assets	5,240	55	-	-	216	5,511
Current liabilities	(6,274)	-	-	-	-	(6,274)
Creditors over 1 year	<u>(10,841)</u>	<u>-</u>	<u>-</u>	<u>(2,796)</u>	<u>-</u>	<u>(13,637)</u>
Total net assets	<u>(145)</u>	<u>55</u>	<u>20,537</u>	<u>(2,796)</u>	<u>216</u>	<u>17,867</u>

	General Fund £ 000	Designated Fund £ 000	Revaluation Reserve £ 000	Pension post settlement Fund £ 000	Restricted Fund £ 000	Total Funds as at 31 December 2020 £ 000
Tangible fixed assets	11,177	-	20,537	-	-	31,714
Current assets	3,985	55	-	-	216	4,256
Current liabilities	(8,096)	-	-	-	-	(8,096)
Creditors over 1 year	<u>(10,541)</u>	<u>-</u>	<u>-</u>	<u>(3,230)</u>	<u>-</u>	<u>(13,771)</u>
Total net assets	<u>(3,475)</u>	<u>55</u>	<u>20,537</u>	<u>(3,230)</u>	<u>216</u>	<u>14,103</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

23 Analysis of net funds

Group

	At 1 January 2021 £ 000	Financing cash flows £ 000	At 31 December 2021 £ 000
Cash at bank and in hand	985	1,296	2,281
Debt due within one year	820	1,134	1,954
Debt due after more than one year	13,771	13,637	27,408
Net debt	<u>15,576</u>	<u>16,067</u>	<u>31,643</u>

	At 1 January 2020 £ 000	Financing cash flows £ 000	At 31 December 2020 £ 000
Cash at bank and in hand	819	165	985
Debt due within one year	437	820	1,257
Debt due after more than one year	13,865	13,771	27,636
Net debt	<u>15,121</u>	<u>14,756</u>	<u>29,878</u>

Charity

	At 1 January 2021 £ 000	Financing cash flows £ 000	At 31 December 2021 £ 000
Cash at bank and in hand	883	102	985
Debt due within one year	820	1,134	1,954
Debt due after more than one year	13,771	13,637	27,408
Net debt	<u>15,474</u>	<u>14,873</u>	<u>30,347</u>

	At 1 January 2020 £ 000	Financing cash flows £ 000	At 31 December 2020 £ 000
Cash at bank and in hand	791	92	883
Debt due within one year	437	820	1,257
Debt due after more than one year	13,865	13,771	27,636
Net debt	<u>15,093</u>	<u>14,683</u>	<u>29,776</u>

Cornwall Care Limited

Notes to the Financial Statements

Year Ended 31 December 2021

24 Related party transactions

Group

During the year the group made the following related party transactions:

Trowers & Hamlin LLP

The offspring of Mr P Rees is a partner of the limited liability partnership.

During the year transactions in the normal course of business totalling £Nil (2020: £11k) were made. .

At the balance sheet date the amount due to/from Trowers & Hamlin LLP was £Nil (2020 - £Nil).

Trustees/Directors remuneration and expense payments are detailed in Note 10.

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.

25 Custodian trustee

The company is custodian trustee of residents' savings bank accounts. The money held in these bank accounts at 31 December 2021 was £46k (2020: £54k). These accounts are in the residents own names, are separate from the company's own bank account and are not included in these financial statements.