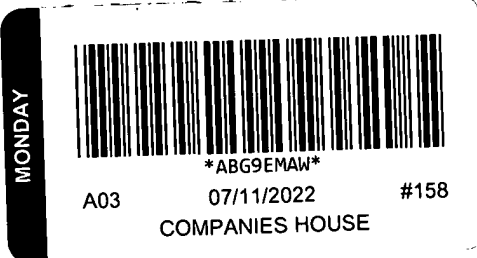


**Care South**  
**(Company limited by guarantee)**  
**Annual Report and Financial Statements**  
**for the year ended 31 March 2022**



# Care South

## Annual report for the year ended 31 March 2022

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## Legal and administrative information

### Directors

Mrs Jane Stichbury CBE QPM DL +\*# ^\$  
**Chairman**

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

Mrs Lindsay Ann Ansell \$

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

Dr Richard Day FRCP FRCP(ED) +\$

Mr Richard Dyson #^

Mr Richard Groom MBE FCIB +^

Mr Charles Hunter FRICS +#\$

Mr Geoffrey Warde MBE \*^

+ Member of the Audit Committee

\* Member of the Remuneration  
Committee

# Member of the Property and  
Development Committee

^ Member of the Finance Committee

\$ Member of the Care Governance  
Committee

### Solicitors

Lester Aldridge LLP  
Russell House  
Oxford Road  
Bournemouth  
BH8 8EX

### Executive Team

Simon Bird MRICS  
Chief Executive

Nicholas Fry BA (Hons) MRICS  
Property Director

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

Martin Ross  
Director of Care at Home

Margaret Searle MCIPD  
Director of Human Resources and Training

Aaron Whitehead  
Director of Residential Care

Penelope Sargeant ACIS  
Company Secretary  
(Resigned 31 July 2021)

### Registered Office

39 Commercial Road  
Poole  
BH14 0HU

### Independent Auditors

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

### Bankers

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

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

## Directors' report For the year ended 31 March 2022

The Directors, who are also the Charity's trustees under Charities Law, are pleased to present their report and audited financial statements for Care South for the year ended 31 March 2022. The Directors' report includes all the information that is required to be included in a trustees' annual report required by the Charities SORP (FRS102).

### Principal activities and future developments

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

On 31 March 2021, Care South purchased the assets and trade of the subsidiary companies, Beauchamp House Nursing Home Limited and Two Rivers Investments Limited. All trade relating to the nursing homes, residential care home and close care accommodation formally operated within those subsidiaries was transferred to the parent company from 1 April 2021. As the subsidiary companies were dormant throughout 2021-22, Group accounts are no longer prepared. In order to aid understanding of the financial statements, information on the Group has been set out below and has also been included within note 4 to the financial statements.

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

	2022 £000	2021 £000
<b>Resources from generated funds:</b>		
Investment income	135	109
Donations and legacies	-	250
Charitable activities	44,872	37,332
Other trading activities	-	7,727
Other income	1,732	2,334
<b>Total Income</b>	<b>46,739</b>	<b>47,752</b>
Expenditure on charitable activities	(41,161)	(40,163)
<b>Net income before other recognised gains and losses</b>	<b>5,578</b>	<b>7,589</b>
Unrecognised (losses)/gains	(146)	816
<b>Net movement in funds</b>	<b>5,432</b>	<b>8,405</b>
Total funds brought forward as at 1 April	56,688	48,283
<b>Total funds carried forward</b>	<b>62,120</b>	<b>56,688</b>
<b>Represented by:</b>		
Restricted Funds	299	335
Unrestricted Funds	61,821	56,353
	<b>62,120</b>	<b>56,688</b>

**Directors' report  
for the year ended 31 March 2022 (continued)**

The financial statements for 2021-22 represent the results of the Company for the 12 months to 31 March 2022. The principal source of income for the Company is the fees it charges for care services. The beneficiaries of the work of the Company are individuals who are in need of residential or nursing care, rehabilitation, or services from care at home. The Company has contractual arrangements with individuals, local authorities and clinical commissioning groups (CCGs).

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

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

**Investment policy**

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

Following a strategic review of investment policy, the Board decided to place a proportion of funds into a balanced medium risk investment portfolio, managed by an external investment manager, in order to generate a better rate of return on liquid assets. A sum of £3,000,000 was transferred into the portfolio during the 2018-19 financial year. Further funds of £3,000,000 were added into the portfolio during the 2021-22 financial year. Post year-end, a further sum of £3,000,000 has been invested in the portfolio, bringing total invested funds up to £9,000,000.

**Policy on reserves**

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

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

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

**Directors' report  
for the year ended 31 March 2022 (continued)**

2022, this represents a reserves target of between £45.8m and £52.6m, while the actual level of unrestricted reserves held is £56.8m.

Following the strong operating performance seen during recent years, the current level of reserves are slightly in excess the targeted range. It is however envisaged that this will be a short-term position and that the reserves level will return to the targeted range, as significant capital investment plans in both new services and development of existing services are now being taken forward.

**Directors**

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

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

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

The Board seeks to ensure that:

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

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

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

Mr Richard Groom is due to retire by rotation at the forthcoming Annual General Meeting. He is eligible to stand for re-election for a further three years. Dr Richard Day and Mrs Tiggy Ansell will be retiring in December 2022.

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

Directors' Indemnity Insurance, provided by a third party, is in place to protect the Directors and Officers in respect of negligence, default, breach of duty, or breach of trust of which they may be guilty in relation to their roles as Directors. The cost of the insurance for the year was £2,500 (2021: £2,400).

**Decision making in the Company**

The Directors delegate day to day running of the Company to the Executive Team. Each member of the Executive Team attends and submits a written report at the Board and Committee Meetings. The Board approves annual operating budgets, staff budgets and capital expenditure budgets,

## **Directors' report for the year ended 31 March 2022 (continued)**

and reports are submitted to Board members updating progress against the budgets at each of their meetings.

### **Employees**

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

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

### **Staff Association**

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

Care South's Staff Association has the aims of:

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

### **Employee benefits**

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

### **Financial risk management – bank loans**

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

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

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

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

**Directors' report  
for the year ended 31 March 2022 (continued)****Financial risk management – credit risk**

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

**Financial risk management – price risk**

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

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

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

**Relationships with related parties**

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

**Charitable and taxation status**

The Charity Commissioner granted charitable status to the Company on 12 October 1992. Charitable activities are exempt from tax under section 505 of the Income and Corporation Taxes Act ("ICTA") 1988, and accordingly no corporation tax has been provided for in these financial statements.

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



## Directors' report for the year ended 31 March 2022 (continued)

### Carbon Energy Reporting

The table below outlines the energy use by the Company during the 2021-22 financial year. In order to maintain the consistency of the data, the comparative figures for 2020-21 are inclusive of the two trading subsidiaries, which have subsequently been transferred to the Company.

Carbon Energy Reporting 2021-22		Units 2021-22	Units 2020-21
UK Energy Use (KWh)	Electricity	2,964,732	3,116,521
	Gas	9,878,180	10,174,495
	Transport	1,074,090	930,855
	<b>Total</b>	<b>13,917,002</b>	<b>14,221,872</b>
Associated Greenhouse Gases Tonnes CO2e	Electricity	691	727
	Gas	1,816	1,871
	Transport	299	261
	<b>Total</b>	<b>2,806</b>	<b>2,858</b>
Intensity Ratio 1 - Tonnes CO2e per FTE Staff member	Electricity	0.68	0.66
	Gas	1.80	1.71
	Transport	0.30	0.24
	<b>Total</b>	<b>2.78</b>	<b>2.61</b>
Intensity Ratio 2 - Tonnes CO2e per Million £ Income	Electricity	14.79	15.22
	Gas	38.86	39.18
	Transport	6.40	5.46
	<b>Total</b>	<b>60.04</b>	<b>59.85</b>

### Energy Efficiency Measures Undertaken During the Year

During 2021-22, the Group saw a reduction in energy usage from both electricity and gas, along with a small increase in the use of energy from transport. The increase in the use of energy from Transport reflects growth within our Care at Home division, as the majority of our energy use is from carers driving between appointments while providing care in peoples, own homes. During 2021-22 we saw a 14% increase in the volume of Care at Home that was delivered. Within residential care, we also saw more support staff visiting our services, following the removal of restrictions that had been in place due to Covid-19.

It was pleasing to see reductions of 2.9% in gas consumption and 4.9% in electricity consumption year-on-year across our portfolio. A small part of this is attributable to one of our smaller care homes being closed at the end of December 2021. Remaining reductions in consumption reflect efficiency measures, such as replacing old boilers with A rated condensing boilers and LED lighting upgrades within a number of our homes.

Intensity ratios based on income levels reflected the lower electricity and gas usage, while transport reflected the increased volume of staff travel as outlined above. The intensity ratios when measured per FTE staff member all showed some deterioration, which is in the large part an anomaly, reflecting recruitment challenges within the care sector. Our FTE number fell significantly by 7.5% compared to 2020-21, when looking at the position of the whole Group, as staff shortages engulfed many sectors of the economy, hitting care particularly hard. We therefore utilised more agency staff, which do not form part of the FTE calculation. The intensity ratio using

**Directors' report  
for the year ended 31 March 2022 (continued)**

income is therefore considered to be a more representative gauge of energy efficiency during the 2021-22 financial year.

Overall, it was pleasing to see a 2% and 52 tonne reduction in greenhouse gases emissions, compared to the previous year. The Company remains committed to improving energy efficiency across our property portfolio, which will realise both environmental and financial benefits.

*Methodologies Used in Calculating these Disclosures*

Usage of electricity and gas has been provided by our energy broker from meter data. Conversion from kWh to CO<sub>2</sub> has been made using the UK Government GHC conversion factors for company reporting. Energy usage for transport has been derived from mileage data taken from employee expense claims and from MOT mileage data for company owned vans and minibuses. Conversion of mileage into kWh and CO<sub>2</sub> equivalents has followed the same government reporting guidelines, as updated for 2021-22.

**Covid-19**

We continued to see significant impacts on the Company from the ongoing Covid-19 pandemic during the 2021-22 financial year. Throughout the year, Care South has continued to closely monitor and implement government guidance in relation to infection control measures, staff, resident and visitor testing and vaccination programmes. Our absolute priority has been to maintain the safety and wellbeing of our residents, our home care clients and our staff. We are most proud of and extremely grateful for the efforts of our staff, who have continued to endure challenging conditions, but who have worked so hard to deliver safe and compassionate care to those in need of our services.

The greatest financial impact from the pandemic has continued to be the impact on occupancy levels, with homes being closed to admission for significant periods across the year, when deemed to be in 'outbreak' with 2 or more staff or residents testing positive for Covid-19. While we made good progress in rebuilding occupancy levels during the spring and summer months, these fell back again across the late autumn and winter months, when the cycles of closure to admission were in full swing. The Company has been able to mitigate much of the financial impact from reduced occupancy and income levels with lower staff costs.

Central government continued to distribute infection control and rapid testing grants to all CQC registered homes across the care sector, which were invaluable in helping to fund additional costs, albeit at lower levels than seen during the previous year. The Company continued to deploy additional staff to underpin effective infection control measures, perform Covid-19 testing and support safe visiting, which have been funded by the grants, along with the payment of full wages to staff who were self-isolating in line with government guidance. In the second half of the financial year, the government also provided some grant income to support workforce retention and recruitment measures. These funds were deployed in line with local authority grant conditions, with the bulk of these funds going towards funding retention bonus payments to staff, which were gratefully received.

Post year-end, we have been able to reverse the decline in occupancy levels and are now seeing enquiry levels and admissions return to more normalised levels. It is hoped that 12-months further down the line, we will not see the decline in occupancy over the winter months that was seen last year, as we slowly get back to business as usual. We have also seen further growth in our care at home division, with strong demand for our services and with staff recruitment being the main constraint.

**Directors' report  
for the year ended 31 March 2022 (continued)**

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

**Going Concern**

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

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

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principals in the Charities SORP;
- state whether applicable United Kingdom Accounting Standards, including FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom

## Directors' report for the year ended 31 March 2022 (continued)

governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement of disclosure of information to auditors


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

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

### Independent auditors

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

### By order of the Board



Mrs Jane Stichenbury DL  
Chairman  
28 September 2022

**Strategic report  
for the year ended 31 March 2022**

The Directors present their strategic report for the year ended 31 March 2022.

**Financial overview and future developments**

As noted in the Directors Report, on 31 March 2021, Care South purchased the assets and trade of the subsidiary companies, Beauchamp House Nursing Home Limited and Two Rivers Investments Limited. All trade relating to the nursing homes, residential care home and close care accommodation formally operated within those subsidiaries has been transacted within the parent company from 1 April 2021. As the subsidiary companies were dormant throughout 2021-22, Group accounts are no longer prepared and this financial overview refers to the results of the Company.

Company incoming resources increased by 9.1%, compared with the previous year, to £46.7m (2021: £42.8m). Income from charitable activities increased by £7.5m (20.2%) overall, while other income declined from £5.2m down to £1.7m. It should be noted that the increase in incoming resources is attributable to the three care homes which were previously trading within subsidiary undertakings, trading directly within the Company from 1 April 2021. The current year income therefore includes income from those services, while the prior year comparative does not. On an underlying basis, excluding the impacts on the Company from transfers of services, total income levels declined slightly. This was due to lower occupancy levels in residential care, partially offset by growth within the care at home division.

The reduction in other income reflects that the prior year comparative included £3.2m of profits paid to the Company from those subsidiary undertakings, as well as a £0.3m reduction in receipts of grant income from government support schemes. A total of £1.6m in infection control, rapid testing and workforce retention & recruitment grants were received and expended across the course of the year. This income was used to help ensure that robust infection control measures have been maintained across all of our homes and that regular Covid-19 testing of our workforce and residents was performed in line with government guidance. Workforce retention and recruitment grants were utilised in the main to pay retention bonuses to staff, along with some small degree of support for recruitment advertising costs.

The Company's total expenditure decreased very slightly by £0.29m. While little movement has been recorded overall, the prior year comparative included a £7.7m impairment loss on the subsidiaries, which is largely offset in the current year by the trading expenses from the three care homes transferred into the Company.

On an underlying basis, excluding the impacts on the Company from the transfers of services, overall expenditure levels increased. This reflects inflation within staff costs and an increased level of spend on property repairs and maintenance, following the lifting of a number of Covid-19 restrictions, which made our sites more accessible to contractors. We also saw higher costs in relation to IT, as we implemented a number of new systems, to improve quality, compliance and efficiency within our services. We also increased the size of our support teams in HR, recruitment and IT, placing upward pressure on expenditure levels. The Company reported a net income before other recognised gains and losses of £5.7m (2021: £1.5m).

After other recognised gains and losses the Company reported a Net Movement in Funds of £5.5m (2021: £2.3m). The surplus for the year has been added to reserves. It is the Board's intention to invest significantly in both new and existing services in the short to medium term. The level of reserves held at the end of the year is in excess of the range outlined within the Company's Reserves Policy but is expected to fall back in line when the planned investments are taken forward. The Company Balance sheet remains strong, with £21.8m held in cash reserves.

**Strategic report  
for the year ended 31 March 2022 (continued)****Purposes and aims**

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

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

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

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

**Care South's long term strategy**

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

**Objectives and achievements for 2021-22**

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

The objectives derived from our long-term strategy were reviewed and agreed by the Board in November 2020. The table below outlines our objectives for 2021-22 and our assessment of the achievement and success against each of these objectives.

**Strategic report  
for the year ended 31 March 2022 (continued)**

Objective	Achievement
To deliver quality care services which meet all relevant regulations and are rated at least "Good" by CQC.	The standard of care is continually monitored through internal quality audits and feedback from residents/service users and relatives with constant focus upon delivering quality care. The Care Governance Committee reviews the results of internal audits and CQC inspections as part of the ongoing commitment to deliver quality care. The results of CQC inspections for Care South homes and services can be found at <a href="http://www.cqc.org.uk">www.cqc.org.uk</a> The Covid-19 pandemic continued to impact the performance of both internal audits and the approach of CQC inspections during the year. We implemented during the course of the year a market leading electronic care planning system within all of our residential homes, which we expect to deliver significant benefits for both residents and staff.
To attract, train, develop and retain engaged staff to deliver quality care services.	The Company continues to invest in training and development of staff, although the delivery and prioritisation of training continued to be impacted by the Covid-19 pandemic during the year. Our priority has been focused on delivering all mandatory training to both existing and new staff, while continuing to invest in improving the quality of our approach to recruitment and training. Many sectors of the economy have suffered from staff shortages, following the emergence from the more severe phases of the pandemic, with the care sector hit particularly hard. We have significantly strengthened our HR and recruitment teams to address these sector wide challenges and ensure that Care South is an employer of choice within the geographies in which we operate.
To expand and develop a range of services to meet the needs primarily of older people, but not excluding other age ranges.	The Company has targeted the expansion and development of the care at home offering and delivered growth in billed hours of 14% during the year, in spite of the challenges with respect to staff recruitment. The Company acquired new premises in Poundbury in April 2021, from which a new West Dorset care at home office was successfully launched in June 2021.
To enhance the property portfolio of the Charity to provide security for the future.	The Company secured planning permission for a new care home on a previously acquired site in Poole during the year. Post year-end, work has subsequently commenced on site, with an expectation that the care home will be ready to welcome the first residents in spring 2024. The Company is also in advanced negotiations to acquire a further site in Poole, under an exclusivity agreement. Plans for the site, should negotiations prove successful, include a new build care home, along with a range of close care accommodation.
To work with local authorities and other commissioners to meet the future need.	The Executive Team continues to have strategic discussions with local authorities and commissioners. The Company continued to work closely and flexibly with local authority commissioners during the year to support hospital discharge requirements at various pressure points throughout the year. We entered into or expanded hours within a number of block contracts for residential care and care at home services during the course of the year.

## Strategic report for the year ended 31 March 2022 (continued)

To remain financially viable and hold reserves in line with our reserves policy.	During the year, Company reserves increased by £5.5m, reflecting a solid operating performance from the business. Company unrestricted reserves of £56.8m are slightly in excess the range targeted by the reserves policy but are expected to return to a level within the targeted range, once a number of major investment plans are taken forward.
To continue the on-going programme of investment in the existing homes.	The Company continues to invest significantly in existing services, to ensure that the environment and facilities in each of our residential homes are maintained in a good state of repair. During the previous year, the Covid-19 pandemic had led to significant periods, when contractor visits to our homes were limited to essential works only. With less restrictions in place during the current financial year, we have seen a significant increase in property related expenditure, as we ensure that all properties are maintained and presented to a high standard. Plans are now at an advanced stage and at the pre-planning stage for a major investment at our Sussexdown site in West Sussex. The project involves investment in a new build care home, along with a combination of converted and new build close care accommodation on site.

Our objectives for 2022/2023 remain unchanged.

### Review of business and developments during the year

The Statement of Financial Activities for the year is set out on page 23. A review of financial performance during the year and the closing financial position is included in the Financial overview and future developments section above.

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

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

Care South operates 15 residential care homes, some of which have dedicated dementia units; 3 currently providing nursing care. Our Castle Dene care home closed during December 2021, with the vast majority of residents and staff transferred to other Care South homes close by. Following major damage to the roof during storm Eunice, our Queensmead care home relocated to the vacated Castle Dene building during March 2022 and remains operating out of that site, while repairs to the Queensmead building, which is leased from the BCP local authority, are being completed.

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



## Strategic report for the year ended 31 March 2022 (continued)

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

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

Four homes are leased from BCP Council, with the lease on Castle Dene due to expire in October 2022. The Company continues to hold strategic discussions with both BCP Council and Dorset Council with a view to meeting the future needs of the local authority commissioners.

The Company also owns the freehold interest of a site in Poole. Plans for the redevelopment of the site are well underway, planning consent achieved and work having started on site post year-end. It is anticipated that a new care home will be developed and be ready to welcome its first residents in spring 2024.

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

### Risk management and controls

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

Risk	Controls / Mitigation
Pandemic or similar e.g. Covid-19 – potentially impacting delivery of care, financial and reputational losses.	Infection control policies and procedures. Ongoing reference to government guidance. Vaccination, testing and harm reduction measures. Clear advice given to staff regarding sickness absence and notification. PPE supplies for minimum 6 months now held. Workplace risk assessments. Ongoing monitoring of impact.
Staff recruitment and retention difficulties – reflective of the sector challenge of high rates of staff turnover, small pool of candidates, saturation of adverts, potentially impacting on safe staffing levels the delivery of care, cost levels and the ability to achieve growth.	Specialist recruitment team, clear recruitment and advertising plans, spread in methods of attractions, increased investment in advertising, systems and team, competitive packages offered to staff. Improvements to working environments to aid staff retention, focus on reward and recognition.

**Strategic report  
for the year ended 31 March 2022 (continued)**

Reputational Damage – from negative CQC findings, incidents, complaints, non-compliance in relation to safe staffing levels.	Governance – increased frequency of quality assurance visits, focus on training, increased use of systems to monitor compliance, risk assessments, complaints policy & procedures. Heavy focus on retention and recruitment to stabilise staffing levels.
Poor economic climate – due to prevailing economic / political uncertainty / Covid-19 pandemic / Brexit, impacting profitability and ability to grow.	Budgetary control, flexibility to alter staffing levels, good reserves. Weekly occupancy statistics. Improved marketing. Long-term block purchase contracts. Increased provision of dementia care.

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

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

- the Company is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposal;
- proper records are maintained and financial information used within the Company, or for publication, is reliable; and
- the Company complies with relevant laws and regulations.

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

### **Remuneration Policy**

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

### **Section 172 (1) Statement**

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

**Strategic report  
for the year ended 31 March 2022 (continued)***Consideration of the Long Term Consequences of Decisions*

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

*The Interests of the Company's Employees*

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

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

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

*Impact on the Community & Environment*

We aim that all of the services operated by the Company are integrated within and enhance the local communities in which they operate. Establishing and nurturing local community links are a key element in the successful operation of our care homes, as we draw the majority of our residents and staff from those local communities. The Company is mindful of our responsibility to minimise our impact on the environment and our approach to this is outlined on page 7 within our carbon energy reporting statement.

*Reputation for High Standards of Business Conduct*

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

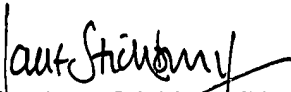
*Acting Fairly Between Members of the Company*

The Company is limited by guarantee and has no shareholders. The Trustee Directors are the members of the company and all members therefore have equal representation on the Board.

## Strategic report for the year ended 31 March 2022 (continued)

The Chairman of the Board has a duty to ensure that all Board members are given the opportunity to express their views before any important decision is taken.

**By order of the Board**



Mrs Jane Stichbury DL  
Chairman  
28 September 2022

**Independent Auditor's Report to the Members of Care South****Opinion**

We have audited the financial statements of Care South (the 'company') for the year ended 31 March 2022, which comprise the Statement of Financial Activities, Charitable Company Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of the net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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

**Independent Auditor's Report to the Members of Care South****Other information**

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

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

We have nothing to report in this regard.

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of directors**

As explained more fully in the Directors' report set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

**Independent Auditor's Report to the Members of Care South****Auditor's responsibilities for the audit of the financial statements – continued**

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

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

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

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

**Use of our report**

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



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

Towngate House  
2 – 8 Parkstone Road  
Poole  
BH15 2PW

Date: 6/10/22



# Statement of financial activities (including income and expenditure account) for the year ended 31 March 2022

	Note	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total 2022 £000	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total 2021 £000
<b>Income from:</b>							
Donations and legacies		-	-	-	-	250	250
Charitable activities	5	44,856	16	<b>44,872</b>	37,316	16	37,332
Investment income		135	-	<b>135</b>	109	-	109
Other income	6	1,732	-	<b>1,732</b>	5,157	-	5,157
<b>Total income</b>		<b>46,723</b>	<b>16</b>	<b>46,739</b>	<b>42,582</b>	<b>266</b>	<b>42,848</b>
<b>Expenditure</b>							
Expenditure on charitable activities	7	41,031	36	<b>41,067</b>	41,331	24	41,355
Other expenditure		-	-	-	-	-	-
<b>Total expenditure</b>		<b>41,031</b>	<b>36</b>	<b>41,067</b>	<b>41,331</b>	<b>24</b>	<b>41,355</b>
<b>Net income</b>	10	<b>5,692</b>	<b>(20)</b>	<b>5,672</b>	<b>1,251</b>	<b>242</b>	<b>1,493</b>
Transfers		16	(16)	-	16	(16)	-
(Losses)/gains on investments		(146)	-	<b>(146)</b>	816	-	816
<b>Net movements in funds</b>		<b>5,562</b>	<b>(36)</b>	<b>5,526</b>	<b>2,083</b>	<b>226</b>	<b>2,309</b>
Fund balances brought forward at 1 April		51,230	335	<b>51,565</b>	49,147	109	49,256
<b>Fund balances at 31 March</b>		<b>56,792</b>	<b>299</b>	<b>57,091</b>	<b>51,230</b>	<b>335</b>	<b>51,565</b>

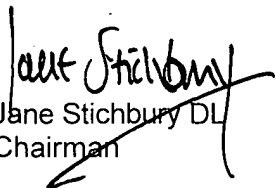
The company has no recognised gains and losses other than those included above. All results derive from continuing operations.

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

## Balance Sheet as at 31 March 2022

Company No 02565033	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Intangible assets	12	243	225
Tangible assets	13	41,680	41,050
Investments	14	9,433	6,504
<b>Total fixed assets</b>		<b>51,356</b>	<b>47,779</b>
<b>Current assets</b>			
Debtors	15	3,508	3,443
Cash at bank and in hand		21,810	21,433
<b>Total current assets</b>		<b>25,318</b>	<b>24,876</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(11,234)</b>	<b>(10,402)</b>
<b>Net current assets</b>		<b>14,084</b>	<b>14,474</b>
<b>Total assets less current liabilities</b>		<b>65,440</b>	<b>62,253</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(8,349)</b>	<b>(10,688)</b>
<b>Total net assets</b>		<b>57,091</b>	<b>51,565</b>
<b>The funds of the charity</b>			
<b>Restricted income funds</b>	19	<b>299</b>	<b>335</b>
<b>Unrestricted income funds</b>			
Designated funds	20	34,906	32,050
General funds	20	21,886	19,180
<b>Total unrestricted income funds</b>		<b>56,792</b>	<b>51,230</b>
<b>Total charity funds</b>		<b>57,091</b>	<b>51,565</b>

The financial statements on pages 23 to 45 were approved by the Board of Directors on 28 September 2022 and were signed on its behalf by:

  
Jane Stichbury DL  
Chairman

  
Christopher Kean  
Vice Chairman

# Statement of Cash Flow for the year ended 31 March 2022

	Note	2022 £000	2021 £000
<b>Net cash provided by operating activities</b>	24	<b>8,072</b>	<b>8,944</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(2,160)	(565)
Purchase of intangible fixed assets		(117)	(11)
Proceeds from the sale of tangible fixed assets		2	-
Financial investment		(3,075)	(50)
Cash balances transferred from subsidiaries		-	244
Dividends received		76	52
Interest received		59	57
<b>Net cash used in investing activities</b>		<b>(5,215)</b>	<b>(273)</b>
<b>Cash flow from financing activities</b>			
Loan interest paid		(289)	(458)
Receipt of bank loan		-	-
Loan capital repaid		(2,191)	(2,121)
<b>Net cash used in financing activities</b>		<b>(2,480)</b>	<b>(2,579)</b>
<b>Net change in cash and cash equivalents</b>		<b>377</b>	<b>6,092</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>21,433</b>	<b>15,341</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>21,810</b>	<b>21,433</b>

**Notes to the financial statements  
for the year ended 31 March 2022****1 General information**

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

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

**2 Statement of compliance**

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

**3 Statement of accounting policies**

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are prepared on a going concern basis, under the historical cost convention except for financial instruments which are measured at fair value. Further details regarding use of going concern basis can be found in the Directors Report, page 9.

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

**Group financial statements**

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

**Exemptions**

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

- The requirement of Section 33 Related Party Disclosures paragraph 33.7 to disclose the company's key management personnel compensation in total.

**Tangible fixed assets**

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

### 3 Statement of accounting policies – continued

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

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

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

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

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

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

#### Investments

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

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

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

#### Intangible assets

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

Goodwill – 10 years

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

Software – 3 years

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

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

**3 Statement of accounting policies - continued****Cash and cash equivalents**

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

**Income**

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

**Deferred income**

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

**Expenditure**

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

**Pension costs**

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

**Operating leases**

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

**Financial instruments**

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

*a) Financial assets*

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

### 3 Statement of accounting policies - continued

#### *b) Financial liabilities*

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

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

#### **Designated funds**

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

#### **Restricted funds**

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

#### **General funds**

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

#### **Critical accounting judgements and estimates**

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

##### **Impairment of receivables:**

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

##### **Useful economic life of assets:**

The carrying value of tangible fixed assets at 31 March 2022 (note 13), requires the directors to make an estimate of the assets' useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed on page 27.

##### **Assets under construction:**

The Directors are required to identify when expenditure is capital in nature and relates to the creation or improvement of an asset. Judgements are also required to determine when the asset has been completed and therefore brought into use, which will normally be the date at which an asset is brought into operational service. See notes 12 and 13 for more details

#### 4 Financial activities of the group

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

	2022 £000	2021 £000
<b>Resources from generated funds:</b>		
Investment income	135	109
Donations and legacies	-	250
Charitable activities	44,872	37,332
Other trading activities	-	7,727
Other income	1,732	2,334
<b>Total Income</b>	<b>46,739</b>	<b>47,752</b>
Expenditure on charitable activities	(41,161)	(40,163)
<b>Net income before other recognised gains and losses</b>	<b>5,578</b>	<b>7,589</b>
Unrecognised (losses)/gains	(146)	816
<b>Net movement in funds</b>	<b>5,432</b>	<b>8,405</b>
Total funds brought forward as at 1 April	56,688	48,283
<b>Total funds carried forward</b>	<b>62,120</b>	<b>56,688</b>
<b>Represented by:</b>		
Restricted Funds	299	335
Unrestricted Funds	61,821	56,353
	<b>62,120</b>	<b>56,688</b>

#### 5 Income from charitable activities

	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total 2022 £000	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total 2021 £000
Residential care services	40,093	16	40,109	33,129	16	33,145
Domiciliary care services	4,763	-	4,763	4,187	-	4,187
	<b>44,856</b>	<b>16</b>	<b>44,872</b>	<b>37,316</b>	<b>16</b>	<b>37,332</b>



**6 Other income**

	<b>2022 £000</b>	<b>2021 £000</b>
Infection Control and Rapid Testing grants	<b>1,178</b>	1,747
Coronavirus Job Retention Scheme income	-	145
Workforce Retention and Recruitment grants	<b>417</b>	-
Profits donated by subsidiaries	-	3,205
Sundry income and utility costs recharged	<b>137</b>	60
	<b>1,732</b>	5,157

**7 Expenditure on charitable activities**

	<b>Unrestricted funds 2022 £000</b>	<b>Restricted funds 2022 £000</b>	<b>Total 2022 £000</b>	<b>Unrestricted funds 2021 £000</b>	<b>Restricted funds 2021 £000</b>	<b>Total 2021 £000</b>
Residential care	<b>31,837</b>	<b>36</b>	<b>31,873</b>	32,629	24	32,653
Domiciliary care	<b>3,936</b>	-	<b>3,936</b>	3,645	-	3,645
Support costs	<b>4,351</b>	-	<b>4,351</b>	4,055	-	4,055
Other costs	<b>618</b>	-	<b>618</b>	544	-	544
Interest payable on bank loans	<b>469</b>	-	<b>469</b>	556	-	556
Gains on derivative financial instruments	<b>(180)</b>	-	<b>(180)</b>	(98)	-	(98)
	<b>41,031</b>	<b>36</b>	<b>41,067</b>	41,331	24	41,355

## 8 Directors' emoluments and key management compensation

Travel expenses of £1,951 were paid during the year (2021: £12 paid to one Director). No emoluments are payable to the Directors (2021: £nil).

### Key management compensation

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

	2022 £000	2021 £000
Salaries and other short-term benefits	847	790
Post-employment benefit	59	56
<b>Total compensation</b>	<b>906</b>	<b>846</b>

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

	2022 Number	2021 Number
£20,001 - £30,000	1	-
£80,001 - £90,000	1	2
£90,001 - £100,000	-	1
£100,001 - £110,000	2	1
£110,001 - £120,000	-	1
£130,001 - £140,000	1	-
£150,001 - £160,000	1	1
£190,001 - £200,000	1	-
£200,001 - £210,000	-	1
	<b>7</b>	<b>7</b>

## 9 Employee information

The average number of people employed by the Company in the financial year was 1,308 (2021 Company: 1,099). This equates to the following average monthly number of full-time equivalent persons (including senior executives) employed by the Company during the year:

	2022 Number	2021 Number
<b>By activity</b>		
Management, administration, finance and training	145	138
Supervisors	138	106
Care, catering and domestic staff	728	662
	<b>1,011</b>	<b>906</b>

	2022 £000	2021 £000
<b>Staff costs (for the above persons)</b>		
Wages and salaries	23,699	20,193
Social security costs	1,890	1,566
Other pension costs	631	548
	<b>26,220</b>	<b>22,307</b>

Staff numbers have been reported on the basis of full time equivalent hours. In addition, temporary staff costs of £2,150,000 (2021: £1,308,000) were incurred for holiday cover, sickness, and staff shortages.

## 10 Net income

	2022 £000	2021 £000
<b>Net income is stated after charging:</b>		
Depreciation for the year:		
- Tangible fixed assets	1,530	1,238
- Intangible owned fixed assets	99	43
Operating leases - land and buildings	1,869	1,679
Profit/(loss) on disposal of fixed assets	2	(46)
Fees payable to the Company's auditors for the audit of the Company's financial statements	36	28
Fees payable to the Company's auditors to audit the Company's subsidiaries pursuant to legislation	-	5
Fees payable to the Company's auditors for other services	2	1

## 11 Charitable and taxation status

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

## 12 Intangible assets

	Software	Assets under construction	Total
	£000	£000	£000
<b>Cost</b>			
At 1 April 2021	421	162	583
Additions	5	112	117
Transfers	274	(274)	-
Disposals	(4)	-	(4)
<b>At 31 March 2022</b>	<b>696</b>	<b>-</b>	<b>696</b>
<b>Accumulated amortisation</b>			
At 1 April 2021	358	-	358
Charge for the year	99	-	99
Disposals	(4)	-	(4)
<b>At 31 March 2022</b>	<b>453</b>	<b>-</b>	<b>453</b>
<b>Net book value</b>			
<b>At 31 March 2022</b>	<b>243</b>	<b>-</b>	<b>243</b>
At 31 March 2021	63	162	225

**13 Tangible assets**

	Land and Buildings £000	Assets Under Con- struction £000	Short Leasehold Improve- ments £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
<b>Cost</b>					
At 1 April 2021	40,177	4,489	299	7,226	52,191
Additions	195	637	-	1,328	2,160
Transfers	-	(139)	-	139	-
Disposals	-	-	-	(14)	(14)
<b>At 31 March 2022</b>	<b>40,372</b>	<b>4,987</b>	<b>299</b>	<b>8,679</b>	<b>54,337</b>
<b>Accumulated Depreciation</b>					
At 1 April 2021	5,059	-	291	5,791	11,141
Charge for the year	767	-	1	762	1,530
Eliminated on disposal	-	-	-	(14)	(14)
<b>At 31 March 2022</b>	<b>5,826</b>	<b>-</b>	<b>292</b>	<b>6,539</b>	<b>12,657</b>
<b>Net book value</b>					
<b>At 31 March 2022</b>	<b>34,546</b>	<b>4,987</b>	<b>7</b>	<b>2,140</b>	<b>41,680</b>
At 31 March 2021	35,118	4,489	8	1,435	41,050

Included within Land and Buildings cost are freehold land and buildings of £17,738,000 (2021: £17,738,000), leasehold buildings on a 999 year lease £195,000 (2021: £nil), buildings where the land is held on a 125 year operating lease of £18,011,000 (2021: £18,011,000) and buildings where land is held on a 150 year operating lease of £6,299,000 (2021: £6,299,000)

The net book value of capitalised finance costs is £72,000 (2021: £74,000) which is included within land and buildings.

## 14 Investments

	Company 2022 £000	Company 2021 £000
Shares in group undertakings	2,871	2,871
Listed investments	6,562	3,633
	<b>9,433</b>	<b>6,504</b>

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

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

Care South Developments Limited (Company number 5245934, dissolved 11 January 2022)  
The Dorset Trust Limited (Company number 5115530, dissolved 11 January 2022)  
Strome Park Limited (Company number 07561438, dissolved 11 January 2022)  
Beauchamp House Nursing Home Limited (Company number 01124433)  
Two Rivers Investments Limited (Company number 05139871)

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

At the balance sheet date, Beauchamp House Nursing Home Limited has reserves of £406,000 and Two Rivers Investments Limited has reserves of £2,466,000.

Other investments	2022 £000	2021 £000
Listed Investments	6,562	3,633

The investments were valued by Investec Wealth and Investment Ltd based on the fair value which is equivalent to market price as at 31 March 2022.

**15 Debtors**

	2022 £000	2021 £000
<b>Amounts falling due within one year:</b>		
Trade debtors	1,751	1,774
Other debtors	81	51
Prepayments and accrued income	1,676	1,618
	<b>3,508</b>	<b>3,443</b>

Trade debtors are stated after provision for impairment of £290,000 (2021: £287,000).

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

	2022 £000	2021 £000
Bank loans	2,138	2,194
Trade creditors	3,273	2,178
Amounts owed to subsidiary undertakings	2,871	2,871
Other creditors	559	510
Taxation and social security	452	404
Accruals and deferred income	1,941	2,245
	<b>11,234</b>	<b>10,402</b>

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

	2022 £000
Deferred income at 1 April 2021	235
Resources deferred in year	348
Amounts released from previous periods	(214)
<b>Deferred income at 31 March 2022</b>	<b>369</b>



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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Bank loans	<b>7,673</b>	9,809
Accruals	<b>528</b>	540
Deferred income	<b>65</b>	77
Derivative financial instruments	<b>83</b>	262
	<b>8,349</b>	10,688

There are eight loan facilities repayable in instalments over durations ranging from 10 to 20 years at inception. The value of loans with fixed interest rates of between 5.9% and 6.6% is £5,337,000 (2021: £6,559,000). Loans with variable interest of base plus 2.25% total £2,279,000 (2021: £2,850,000). Loans with variable interest of base plus 2% total £2,195,000 (2021: £2,594,000). Each loan is secured on the property it was raised against.

**Maturity of bank loans**

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
In one year or less	<b>2,138</b>	2,194
In more than one year, but not more than two years	<b>2,138</b>	2,138
In more than two years, but not more than five years	<b>5,016</b>	6,094
In more than five years	<b>519</b>	1,577
	<b>9,811</b>	12,003

**18 Financial Instruments**

	2022 £000	2021 £000
Financial assets measured at amortised cost		
- Trade debtors	1,751	1,774
- Accrued income	1,076	982
- Other debtors	81	51
Financial assets at fair value through income and expenditure		
- Listed investments	6,562	3,633
<b>Financial assets</b>	<b>9,470</b>	<b>6,440</b>
Financial liabilities measured at amortised cost		
- Trade creditors	3,273	2,178
- Bank loans	9,811	12,003
- Amounts owed to subsidiary undertakings	2,871	2,871
- Accruals	2,010	2,550
- Other creditors	559	509
Financial liabilities measured at fair value through income and expenditure		
- Derivative financial instruments	83	262
<b>Financial liabilities</b>	<b>18,607</b>	<b>20,233</b>

**Derivative financial instruments**

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

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

## 19 Restricted income funds

	Sussexdown Legacy	Maiden Castle Build	Total £000
At 1 April 2021	242	93	335
Income	-	16	16
Transfers	-	(16)	(16)
Expenditure	(20)	(16)	(36)
<b>At 31 March 2022</b>	<b>222</b>	<b>77</b>	<b>299</b>

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

Deferred income in respect of the above is recognised as £16,000 in short term creditors and £61,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

## 20 Unrestricted income funds

	Designated Funds £000	General Funds £000	Total £000
At 1 April 2021	32,050	19,180	51,230
Transfer from restricted funds	-	16	16
Transfer	2,856	(2,856)	-
Income	-	46,723	46,723
Expenditure	-	(41,031)	(41,031)
Profits donated by subsidiaries	-	-	-
Unrecognised gains	-	(146)	(146)
<b>At 31 March 2022</b>	<b>34,906</b>	<b>21,886</b>	<b>56,792</b>

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

**21 Analysis of net assets between funds**

	Designated Funds	Restricted Funds	General Funds	Total 2022
	£000	£000	£000	£000
Fixed assets	44,717	77	6,562	51,356
Current assets	-	222	25,096	25,318
Current liabilities	(2,138)	-	(9,096)	(11,234)
Long term liabilities	(7,673)	-	(676)	(8,349)
<b>Total Net Assets</b>	<b>34,906</b>	<b>299</b>	<b>21,886</b>	<b>57,091</b>

**22 Pension obligations****Defined Contribution Schemes**

The Defined Contribution schemes are stakeholder pension schemes and flexible retirement plans that are independently administered by regulated Financial Services companies. The cost of contributions to the schemes amounted to £19,000 (2021: £25,000) and £619,000 (2021: £608,000) respectively. Contributions of £2,000 (2021: £3,000) and £112,000 (2021: £112,000) were owed to the schemes respectively at the end of the year.

## 23 Related parties transactions

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

Transactions entered into and balances outstanding at 31 March 2022:

	Recharges to related parties £000	Payments to reduce intercompany balance £000	Hive up transfer of trade £000	Amount owed by/(to) related parties £000
Beauchamp House Nursing Home Ltd	-	-	-	(406)
Two Rivers Investments Ltd	-	-	-	(2,465)

Transactions entered into and balances outstanding at 31 March 2021:

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

During the year the company received no gift aid profits from related parties (2021: £3,205,000).

Care South leases land on a long leasehold basis from the T H Russell Charitable Trust at our St Ives House site near Ringwood. Mrs Lyndsay Ann Ansell is both a Director of Care South and a Trustee of the TH Russell Charitable Trust. The rent paid under the lease during the financial year amounted to £123,000.

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

	2022 £000	2021 £000
Net income (before other recognised gains and losses)	5,672	1,493
Impairment loss on subsidiaries	-	7,670
Depreciation	1,530	1,238
Amortisation	99	43
Dividends received	(76)	(52)
Interest received	(59)	(57)
Interest expensed	289	458
(Profit)/loss on disposal of fixed assets	(2)	46
Increase in debtors	(65)	(577)
Increase/(decrease) in creditors	684	(1,318)
<b>Net cash provided by operating activities</b>	<b>8,072</b>	<b>8,944</b>

## 25 Capital commitments

The Company had entered into a contract for building improvements at Beauchamp House at the balance sheet date £624,000 (2021 £nil).

## 26 Contingent liabilities

The Company has a requirement to perform works to remedy defects in relation to wall and roof cavity barriers at two of our properties. The costs of the works, which will also incorporate upgrades and improvements is anticipated to be in the region of £2.0m. The works are expected to be completed during the 2022-23 financial year. It is considered unlikely at this stage that any of these costs will be reimbursed by third parties, although there remains a possibility that part of the costs could be recovered via legal action against the contractors responsible for the original defects. The Company has no other material contingent liabilities at 31 March 2022 (2021: £nil).

## 27 Financial commitments

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

	2022 Land & Buildings £000	2021 Land & Buildings £000
Within one year	1,801	1,691
Within 2 to 5 years	6,198	5,475
After 5 years	42,231	44,149

## 28 Limited liability

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

## 29 Analysis of changes in net debt

	At 1 April 2021 £'000	Cash flows £'000	At 31 March 2022 £'000
<b>Cash and cash equivalents</b>			
Cash	21,433	377	21,810
Overdrafts	-	-	-
	21,433	377	21,810
<b>Borrowings</b>			
Debt due within one year	(2,194)	56	(2,138)
Debt due after one year	(9,809)	2,136	(7,673)
	(12,003)	2,192	(9,811)
<b>Total</b>	<b>9,430</b>	<b>2,569</b>	<b>11,999</b>