CARE SOUTH

England & Wales · Charity number 1014697

Details

Status	Registered
Legal form	Charitable company
Company number	02565033
Registered	1992-10-12
Register	View on the Charity Commission register

Contact

Address	39 Commercial Road Poole Dorset BH14 0HU
Phone	01202712400
Email	info@care-south.co.uk
Website	www.care-south.co.uk

Activities

Objects: 2.1 The Company’s Objects are to:2.1.1 promote the relief of and provide relief, support and assistance to individuals who by reason of old age, or physical or mental illness, or physical or learning disability, require special care and attention;2.1.2 in particular, promote the relief of and provide support and assistance to, Beneficiaries who are resident in or associated with the south of England.

Activities: Care South provides quality care services in the south of England to up to 2000 people each day. All aspects of care including dementia, nursing, frailty and special needs are provided to people either in Care South's care homes or in their own homes.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services
- **What:** The Advancement Of Health Or Saving Of Lives, Accommodation/housing, Other Charitable Purposes
- **Who:** Elderly/old People, People With Disabilities

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Geography

- **Area of benefit:** SOUTH OF ENGLAND
- Bournemouth
- Devon
- Dorset
- Poole
- Somerset
- West Sussex

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£62,541,000	£53,427,000	£75,241,000	1038
2024-03-31	£57,721,000	£52,357,000	£66,137,000	1025
2023-03-31	£49,985,000	£46,044,000	£60,385,000	934
2022-03-31	£46,739,000	£41,067,000	£57,091,000	1011
2021-03-31	£47,752,000	£40,163,000	£56,688,000	1128

Trustees

Name	Role	Appointed
Christopher Kean	Chair	2002-01-10
Charles James Holt Hunter		2014-01-29
Dr Adrian Rozkovec		2022-11-01
Geoffrey Colin Warde MBE		2020-01-29
Jane Stichbury CBE QPM DL		2017-07-19
MR RICHARD DYSON		2009-05-20
Martin Rowland Thomas		2025-01-02
Mary Rebecca Brice		2023-11-01
PAUL RICHARD CAUSTON		2017-10-11
Sarah Monica Loveday Philbrick		2023-01-01

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CARE SOUTH

England & Wales - Charity number 1014697

Accounts

Docusign Envelope ID: A84D4BCA-1FCC-4EB2-8014-FD6F35270A1B

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

Docusign Envelope ID: A84D4BCA-1FCC-4EB2-8014-FD6F35270A1B

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Care South

Annual report for the year ended 31 March 2025

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Legal and administrative information

Directors

Mr Christopher Kean FCA +*#$~\
Chair

Mr Charles Hunter FRICS +#\
Vice Chair

Mrs Mary Brice $

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

Mr Richard Dyson *#

Ms Sarah Philbrick +*

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

Mrs Jane Stichbury CBE QPM DL $

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

Mr Geoffrey Warde MBE +*#~\

+ Member of the Finance & Audit Committee

* Member of the Remuneration Committee

Member of the Property & Development Committee

$ Member of the Care Governance Committee

~ Member of the Defects Recovery Committee

\ Member of the Care South Community Fund Committee

Executive Team

Simon Bird MRICS
Chief Executive Officer

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

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

Martin Ross
Director of Care at Home

Margaret Searle MCIPD
Director of Human Resources & Training

Phil Smith
Director of Residential Care

Penelope Sargeant ACG
Board Secretary

Registered Office

39 Commercial Road
Poole BH14 0HU

Independent Auditors

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

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

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

Solicitors

Lester Aldridge LLP
Russell House
Oxford Road
Bournemouth BH8 8EX

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Strategic report
for the year ended 31 March 2025

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

Financial overview and future developments

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

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

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

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

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

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

Purposes and aims

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

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

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

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

Care South's Long Term Strategy is as follows:

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

Objectives and achievements for 2024-25

The objectives derived from our long-term strategy are reviewed and agreed by the Board in November each year. The table below outlines our objectives for 2024-25 and our assessment of the achievement and success against each of these objectives.

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

Objective	Achievement
To deliver quality care services which meet all relevant regulations and are rated at least "Good" by CQC.	The standard of care within our residential and care at home services is continually monitored through internal quality audits and feedback from residents/service users and relatives with constant focus upon delivering quality care. The internal quality audit programmes are regularly reviewed and updated where appropriate. The Care Governance Committee reviews the results of internal audits and CQC inspections as part of the ongoing commitment to deliver quality care. The results of CQC inspections for Care South homes and services can be found at www.cqc.org.uk. Currently all of the Care South services both in residential care and care at home are rated at least "Good" by CQC, which is well above the national average of 82%. We saw an increase in inspection activity from CQC during 2024-25, with five of our care homes being inspected. All of those inspections resulted in the care homes being rated as Good in all areas. Both residential care and care at home now use market leading electronic care planning systems to help ensure that consistently high standards of care planning are in place for all residents and service users. An updated and improved electronic medication system was also implemented within residential care during the year.
To attract, train, develop and retain engaged staff to deliver quality care services.	The Company continues to invest in training and development of staff, with a wide range of both face to face training and electronic learning modules. Having seen staff turnover and vacancy rates start to decrease last year, it was pleasing to see further improvement during the current financial year. We have continued to invest in fair rates of pay and have seen significantly lower vacancy rates, along with a substantial £1.2m and 34% reduction in agency staff spend year-on-year. During the year we moved forward with our Dementia Care Coach program, with staff within each of our care services receiving intensive and comprehensive training, to equip our coaches with specialist knowledge and skills. Each coach is now working closely with colleagues and relatives to further develop the best care practices for enhancing the wellbeing of residents and care at home clients living with dementia.
To expand and develop a range of services to meet the needs primarily of older people, but not excluding other age ranges.	Focus has been given during the year to enhancing the service given to residents and clients living with Dementia, with investment in both staff training and improvements in environment. In care at home, growth within the private market has been targeted, while we are looking to expand the geographical scope and volume of billed hours within our D2A contracts in Somerset.

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

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

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

To continue the on-going programme of investment in the existing homes.	The Company continues to invest significantly in repairs, maintenance and improvements within existing services, to ensure that the environment and facilities in each of our residential homes are maintained in a good state of repair, conducive to high standards of care, and resident expectations. During the year, we received full planning permission for the redevelopment of our care home in Storrington, West Sussex, along with the construction of a further 37 assisted living apartments on site. The closure process for the existing care home was initiated in March 2025 and completed post year-end, with the site handed over to our main contractors during June 2025, for the redevelopment to commence. This flagship development will be completed over the next 3-years, with the new care home anticipated to open during summer 2028. Significant works at our Beauchamp House nursing home in Somerset, were completed during the year, including a new ramped access, which will improve our resident experience with a much greater ease of access around the home. Works have also been carried out throughout the portfolio to ensure that the highest standards of fire safety are being met.

Our objectives for 2025/2026 remain unchanged.

Review of business and developments during the year

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

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

Over the years, Care South has expanded its range of care services, operating care homes across the south of England, from Devon to West Sussex, and embarked on a redevelopment programme for the replacement of some older homes, to include dedicated dementia facilities. Our care at home services now operate out of three dedicated offices, providing services to a range of local authority and NHS commissioners, as well as private clients.

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

The Company owns the freeholds of 14 assisted living houses and apartments at Beauchamp House in Somerset. The Company also owns the reversionary freeholds of 11 assisted living apartments built at Strome Park, Storrington; 18 assisted living apartments and cottages at St Ives Place, Ringwood; 9 apartments at Edward court, Parkstone and 31 assisted living bungalows

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

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

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

Care South leases six care homes: two from housing associations, Fairlawn in Ferndown, and Buxton House in Weymouth. Fremington Manor near Barnstaple (now closed) is leased from a private company. A further three homes are leased from BCP Council, with the lease on Castle Dene being renewed in October 2022 and extensions to the leases on Dorset House and Elizabeth House agreed during the year. The Company also leases premises in Crewkerne for organising the delivery of home care.

The Care South Learning & Development team continues to provide an extensive programme of social care training, which includes all mandatory training required by law. In addition, general and management development training opportunities are made available to staff through face-to-face training, distance learning and e-learning. Very high rates of training compliance continue to be achieved. Care South continues to utilise funds from the Apprenticeship Levy to invest in the training and development needs of our staff.

Risk management and controls

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

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

Risk	Controls / Mitigation
Staff retention and turnover – general market conditions and sector challenges creating staffing shortages, impacting service delivery, placing additional pressure on existing staff and over reliance upon agency staff.	Staff turnover rates have been improving. Adequate resources channelled into recruitment. Mentoring and support for new starters. Reward, recognition, and employee assistance programmes for staff. Regular review of competitiveness of rates of pay in local markets. Implementation of measures to speed up the recruitment and onboarding process.
Reputational damage and negative commercial impact from lack of continuity of care, negative CQC findings, incidents and complaints.	Strong local leadership and shift management. Robust governance, with increased frequency of quality assurance visits to services and monitoring of KPIs. Risk assessments and focus from regional operations managers on services facing challenges. Service improvement plans in all services, reflecting feedback from internal audits, local authority and CQC monitoring visits.
Inadequate financial performance – poor economic climate, reduced occupancy levels or unexpected costs leading to non-compliance with bank covenant measures and lack of funds for investment in services.	Strong operational and financial leadership. Close monitoring of key financial KPIs and trends, with quick action to identify and counteract any negative developments. Focus on effective marketing and tailoring service offering to market needs. Strong balance sheet position and close relationship with bank lenders.
Pandemic or similar – potentially impacting the delivery of care, financial and reputational losses.	Strong infection control policies and procedures. Business Continuity Plans and ongoing reference to government guidance. Policies and procedures adapted on a dynamic basis to follow changes in government advice.

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

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

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

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

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

Remuneration Policy

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

Section 172 (1) Statement

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

Consideration of the Long Term Consequences of Decisions

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

The Interests of the Company's Employees

Our employees are fundamental to the quality of the services we are able to offer our residents and our care at home clients. Employing a well trained, motivated and engaged workforce is therefore of paramount importance to the Company. The Company invests extensively in the learning and development of our workforce and has developed a people plan to ensure that we operate best practice in staff recruitment, retention and engagement. The Care South Staff Association ensures that all sites and services are represented in two way discussions, allowing staff views and ideas to be incorporated in the decision making process. In addition, staff surveys are performed to assess the success of our approach and to develop action plans to invest further in workforce development.

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

Fostering of the Interests of the Company's Business Relationships

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

Impact on the Community & Environment

We aim that all of the services operated by the Company are integrated within and enhance the local communities in which they operate. Establishing and nurturing local community links are a key element in the successful operation of our care homes, as we draw the majority of our residents and staff from those local communities. The Company is mindful of our responsibility to minimise our impact on the environment and our approach to this is outlined on page 15 within our carbon energy reporting statement. The Company has introduced and now embedded 'Our Green Plan' as our next step in ensuring that we operate in a sustainable way.

Reputation for High Standards of Business Conduct

Honesty, integrity and transparency are fundamental to the way in which the Company operates. The success of our services is highly dependent upon maintaining high standards of service and building a strong reputation in our local communities. We aim to treat all of our stakeholders in a fair and equitable way. The Company has long established 'HEART Values', embedding the principles of Honesty, Excellence, Approach, Respect and Teamwork in all that we do.

Acting Fairly Between Members of the Company

The Company is limited by guarantee and has no shareholders. The Trustee Directors are the members of the company and all members therefore have equal representation on the Board. The Chair of the Board has a duty to ensure that all Board members are given the opportunity to express their views before any important decision is taken.

By order of the Board

Mr Christopher Kean
Chair
1 October 2025

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Directors' report
For the year ended 31 March 2025

The Directors, who are also the Charity's trustees under Charities Law, are pleased to present their report and audited financial statements for Care South for the year ended 31 March 2025. The Directors' report includes all the information that is required to be included in a trustees' annual report required by the Charities SORP (FRS102).

Principal activities and future developments

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

The financial statements for 2024-25 represent the results of the Company for the 12 months to 31 March 2025. The principal source of income for the Company is the fees it charges for care services. The beneficiaries of the work of the Company are individuals who are in need of residential or nursing care, respite care, or services from care at home. The Company has contractual arrangements with individuals, local authorities and NHS Integrated Care Boards (ICBs).

The Company offers a range of care services and responds to changing needs of its users by working in partnership with local authority and NHS commissioners to develop and commission quality care services which meet the needs of the communities in which we operate. Care South also conducts customer service surveys amongst its residents, care at home clients, relatives, health and social care professionals, and the results of these influence the development and future direction of the Company.

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

Investment policy

The Board reviews its investment policy annually. The current policy is to invest funds in a combination of bank deposit accounts and managed investment portfolios. Bank deposits are to be held in instant access accounts, or for fixed terms of six months or less.

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

It is also current policy that a minimum of £5.0m will be held in bank deposit accounts at any given time.

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

Policy on reserves

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

- The creation of a strong balance sheet position to support the development of the Charity and services, along with the improvement of the existing property portfolio and the construction or purchase of further residential care homes and care at homes offices.

- The establishment of sufficient reserves to ensure that the Company has appropriate liquidity to build resilience against short term or sudden fluctuations in income or cost levels and can ensure that commitments to providing services to our clients can be made with confidence.

Taking into consideration these core objectives, Board policy is to target a level of reserves sufficient to fund the fixed asset base held for use within the Company, to the extent that those assets are not funded by bank loans. Additionally, it is Board policy to hold further reserves sufficient to cover between 4 and 6 months of underlying operating expenditure. As at 31 March 2025, based upon reported expenditure levels, this represents a reserves target of between £77.8m and £86.7m, while the actual level of unrestricted reserves held is £75.1m.

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

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

Directors

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

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

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

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

The Board seeks to ensure that:

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

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

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

Dr Adrian Rozkovec is due to retire by rotation at the forthcoming Annual General Meeting. He is eligible to stand for re-election for a further three years.

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

Directors' Indemnity Insurance, provided by a third party, is in place to protect the Directors and Officers in respect of negligence, default, breach of duty, or breach of trust of which they may be guilty in relation to their roles as Directors.

Decision making in the Company

The Directors delegate day to day running of the Company to the Executive Team. Each member of the Executive Team attends and submits a written report at the Board and Committee Meetings. The Board approves annual operating budgets, staff budgets and capital expenditure budgets, and reports are submitted to Board members updating progress against the budgets at each of their meetings.

Employees

The Company is committed to promoting equality and diversity within the workforce, recognising that everyone comes from a diverse background, with a variety of values and beliefs. Treating everyone as an individual and focusing on each staff member's individual strengths are embedded within the Company's values.

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

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

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

Staff Association

All employed staff are members of Care South's Staff Association. Each service has an elected representative and deputy who attend the Association meeting at least twice a year. This is an effective and constructive means of encouraging open communication and discussion, and the sharing of ideas and opinions amongst staff. Financial and economic factors that affect the performance of the Company are regularly reviewed and discussed. Staff Association representatives and deputies are elected at each of the company's care homes, care at home offices and head office. This allows staff representatives to bring forward any issues or concerns in relation to their specific service. Staff representatives are paid an allowance to recognise the responsibilities of the position in representing the views of all staff at their service.

Care South's Staff Association has the aims of:

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

Employee benefits

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

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

Financial risk management – bank loans

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

The Directors take overall responsibility for monitoring financial risk. The policies set by the Board of Directors are implemented by the Finance Director. In order to ensure stability of cash out flows and manage interest rate risk, the Board reviews what is in the best interests of the Company on each occasion that it enters into a loan agreement. Currently, the Company has entered into eight main loan agreements at a mixture of fixed and floating rates.

Financial risk management – credit risk

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

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

Financial risk management – price risk

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

Financial risk management – liquidity and cash flow risk

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

Relationships with related parties

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

Charitable and taxation status

The charity is exempt from Corporation Tax as all of its income is charitable and is applied for charitable purposes. The Company does not engage in fundraising to meet its charitable objectives.

Carbon Energy Reporting

The table below outlines the energy use by the Company during the 2024-25 financial year.

Carbon Energy Reporting 2024-25		Units 2024-25	Units 2023-24
UK Energy Use (KWh)	Electricity	2,854,822	2,752,481
	Gas	8,947,394	8,585,389
	Transport	1,109,616	1,263,555
	Total	**12,911,832**	**12,601,425**
Associated Greenhouse Gases Tonnes CO2e	Electricity	591	570
	Gas	1,636	1,570
	Transport	305	345
	Total	**2,532**	**2,485**
Intensity Ratio 1 - Tonnes CO2e per FTE Staff member	Electricity	0.57	0.55
	Gas	1.58	1.53
	Transport	0.29	0.34
	Total	**2.44**	**2.42**
Intensity Ratio 2 - Tonnes CO2e per Million £ Income	Electricity	9.45	9.88
	Gas	26.17	27.22
	Transport	4.87	5.98
	Total	**40.49**	**43.08**

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

Energy Efficiency Measures Undertaken During the Year

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

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

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

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

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

Methodologies Used in Calculating these Disclosures

Usage of electricity and gas has been provided by our energy broker from meter data. Conversion from kWh to CO2 has been made using the UK Government GHC conversion factors for company reporting. Energy usage for transport has been derived from mileage data taken from employee expense claims and from MOT mileage data for company owned vans and minibuses. Conversion of mileage into kWh and CO2 equivalents has followed the same government reporting guidelines.

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

Going Concern

Given the past, current and forecast performance of the Company, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Company is generating robust financial returns and the need for our care services remains strong. Our business therefore has a sound basis upon which to look to the future with confidence. The Company continues to generate both strong positive operating cash-flow and profit levels. Post year-end, the Company has continued to trade profitably. Our forecasts and predictions of the Company's performance over the short, medium and long term support the assertion that going concern continues to be the appropriate basis on which to prepare the financial statements.

Statement of Directors' responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Statement of disclosure of information to auditors

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

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

Independent auditors

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

By order of the Board

Mr Christopher Kean
Chair
1 October 2025

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Independent Auditor's Report to the Members of Care South

Opinion

We have audited the financial statements of Care South (the 'company') for the year ended 31 March 2025, which comprise the Statement of Financial Activities, Charitable Company Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of the net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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Independent Auditor's Report to the Members of Care South

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' report set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Independent Auditor's Report to the Members of Care South

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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Independent Auditor's Report to the Members of Care South

Auditor's responsibilities for the audit of the financial statements – continued

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

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

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

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

Use of our report

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

Signed by:
Duncan Leslie
46B3EDEBE022494...

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

Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

Date: 03 October 2025

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

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

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

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

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Balance Sheet as at 31 March 2025

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

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

Christopher Kean
Chair

Charles Hunter
Vice Chair

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Statement of Cash Flows for the year ended 31 March 2025

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

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

1 General information

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

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

2 Statement of compliance

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

3 Statement of accounting policies

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are prepared on a going concern basis, under the historical cost convention except for financial instruments which are measured at fair value. Further details regarding use of going concern basis can be found in the Directors Report, page 17.

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

Group financial statements

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

Tangible fixed assets

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

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

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

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3 Statement of accounting policies – continued

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

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

Donated assets are recognised at the start of the assets' useful lives.

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

Investments

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

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

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

Intangible assets

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

Software – 3 years

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

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

Stock

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

Cash and cash equivalents

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

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3 Statement of accounting policies - continued

Income

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

Deferred income

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

Expenditure

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

Pension costs

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

Operating leases

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

Financial instruments

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

a) *Financial assets*

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

b) *Financial liabilities*

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

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3 Statement of accounting policies - continued

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

Provisions for liabilities

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

Designated funds

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

Restricted funds

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

General funds

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

Critical accounting judgements and estimates

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

Impairment of receivables:
The company makes an estimate of the recoverable value of debtors. When assessing impairment of receivables, management considers factors including the credit rating of the debtor, the ageing profile of receivables and historical experience. See note 15 for more details.

Useful economic life of assets:
The carrying value of tangible fixed assets at 31 March 2025 (note 12), requires the directors to make an estimate of the assets' useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed on page 26.

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

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

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4 Income from charitable activities

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

5 Other income

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

6 Expenditure on charitable activities

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

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7 Directors' emoluments and key management compensation

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

Key management compensation

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

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

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

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

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8 Employee information

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

	2025 Number	2024 Number
By activity		
Management, administration and support	**136**	133
Supervisors	**103**	115
Care, catering, domestic and maintenance	**799**	777
	1,038	1,025

	2025 £000	2024 £000
Staff costs (for the above persons)		
Wages and salaries	**28,929**	27,062
Social security costs	**2,606**	2,276
Other pension costs	**763**	714
	32,298	30,052

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

9 Net income

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

10 Charitable and taxation status

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

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11 Intangible assets

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

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12 Tangible assets

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

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

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

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

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13 Investments

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

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

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

Beauchamp House Nursing Home Limited (Company number 01124433)
Two Rivers Investments Limited (Company number 05139871)

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

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

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

The investments were valued by Investec Wealth and Investment Ltd based on the fair value which is equivalent to market price as at 31 March 2025.

14 Stock

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

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15 Debtors

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

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

16 Creditors: amounts falling due within one year

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

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

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

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17 Creditors: amounts falling due after more than one year

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

There are eight loan facilities repayable in instalments over durations ranging from 10 to 20 years at inception. The value of loans with fixed interest rates of between 5.9% and 6.6% is £1,823,000 (2024: £2,994,000). Loans with variable interest of base plus 2.25% total £570,000 (2024: £1,140,000). Loans with variable interest of base plus 2% total £998,000 (2024: £1,397,000). Each loan is secured on the property it was raised against.

Maturity of bank loans

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

18 Provisions for liabilities

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

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

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

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19 Financial Instruments

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

Derivative financial instruments

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

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

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20 Restricted income funds

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

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

Deferred income in respect of the above is recognised as £16,000 in short term creditors and £13,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

21 Unrestricted income funds

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

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

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22 Analysis of net assets between funds

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

23 Pension obligations

Defined Contribution Schemes

The Defined Contribution schemes are stakeholder pension schemes and flexible retirement plans that are independently administered by regulated Financial Services companies. The cost of contributions to the schemes amounted to £20,000 (2024: £19,000) and £743,000 (2024: £695,000) respectively. Contributions of £3,000 (2024: £3,000) and £138,000 (2024: £127,000) were owed to the schemes respectively at the end of the year.

24 Related parties transactions

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

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

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

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

26 Capital commitments

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

27 Contingent liabilities

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

28 Post balance sheet events

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

29 Financial commitments

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

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

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30 Limited liability

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

31 Analysis of changes in net funds

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

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CARE SOUTH

England & Wales - Charity number 1014697

Accounts

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

Care South

Annual report for the year ended 31 March 2024

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Care South

Legal and administrative information

Directors

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

Mr Charles Hunter FRICS +#^\
Vice Chairman

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

Mrs Mary Brice $
(Appointed 1 November 2023)

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

Mr Richard Dyson #^

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

Ms Sarah Philbrick *^

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

Mrs Jane Stichbury CBE QPM DL $

Mr Geoffrey Warde MBE *#^~\

\+ Member of the Audit Committee

* Member of the Remuneration Committee

\# Member of the Property and Development Committee

^ Member of the Finance Committee

$ Member of the Care Governance Committee

~ Member of the Defects Recovery Committee

\ Member of the Chairman's 2020 Committee

Executive Team

Simon Bird MRICS
Chief Executive

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

Nicholas Fry BA (Hons) MRICS
Property Director

Martin Ross
Director of Care at Home

Margaret Searle MCIPD
Director of Human Resources and Training

Phil Smith
Director of Residential Care

Penelope Sargeant ACG
Board Secretary

Registered Office

39 Commercial Road
Poole, BH14 0HU

Independent Auditors

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

Bankers

Barclays Bank plc
1 Churchill Place
London, E14 5HP

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

Solicitors

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

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Strategic report for the year ended 31 March 2024

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

Financial overview and future developments

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

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

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

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

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

Purposes and aims

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

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

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

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

Care South's Long Term Strategy is as follows:

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

Objectives and achievements for 2023-24

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

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

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

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

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

Our objectives for 2024/2025 remain unchanged.

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

Review of business and developments during the year

The Statement of Financial Activities for the year is set out on page 21. A review of financial performance during the year and the closing financial position is included in the Financial overview and future developments section above.

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

In recent years, Care South has expanded its range of care services, operating across the south of England, from Devon to West Sussex, and embarked on a redevelopment programme for the replacement of some older homes, to include dedicated dementia facilities. Following the closure during the year of our Bath operation, our care at home services now operate out of three dedicated offices, providing services to a range of local authority and NHS commissioners, as well as private clients.

Care South operates 15 residential care homes, some of which have dedicated dementia units; 3 currently providing nursing care. No home openings or closures took place during the year, however our new 50 bed care home, Marjorie House in Poole opened to residents on 4 September 2024, increasing the number of operational care homes up to 16.

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

The Company owns eight care homes: Talbot View and Wickmeads in Bournemouth, Alexandra House in Poole, St Ives House near Ringwood, Maiden Castle House in Dorchester, Sussexdown in Storrington, West Sussex, Beauchamp House in Hatch Beauchamp, Somerset, and Kenwith Castle near Bideford, North Devon. It also owns the head office facility in Poole, and offices in Dorchester for organising the delivery of care at home. Following the closure of the Bath care at home operation in March 2024, the company is now marketing the Bath property for sale.

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

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

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

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

The Care South Learning & Development team continues to provide an extensive programme of social care training, which includes all mandatory training required by law. In addition, general and management development training opportunities are made available to staff through face-to-face training, distance learning and e-learning. A great deal of focus was given during the year to ensuring that very high rates of training compliance were achieved. Care South continues to utilise funds from the Apprenticeship Levy to invest in the training and development needs of our staff.

Risk management and controls

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

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

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

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

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

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

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

Remuneration Policy

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

Section 172 (1) Statement

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

Consideration of the Long Term Consequences of Decisions

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

The Interests of the Company's Employees

Our employees are fundamental to the quality of the services we are able to offer our residents and our care at home clients. Employing a well trained, motivated and engaged workforce is therefore of paramount importance to the Company. The Company invests extensively in the learning and development of our workforce and has developed a people plan to ensure that we operate best practice in staff recruitment, retention and engagement. The Care South Staff Association ensures that all sites and services are represented in two way discussions, allowing staff views and ideas to be incorporated in the decision making process. In addition, staff surveys are performed to assess the success of our approach and to develop action plans to invest further in workforce development.

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

Fostering of the Interests of the Company's Business Relationships

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

Impact on the Community & Environment

We aim that all of the services operated by the Company are integrated within and enhance the local communities in which they operate. Establishing and nurturing local community links are a key element in the successful operation of our care homes, as we draw the majority of our residents and staff from those local communities. The Company is mindful of our responsibility to minimise our impact on the environment and our approach to this is outlined on page 14 within our carbon energy reporting statement. The Company has recently introduced 'Our Green Plan' as our next step in ensuring that we operate in a sustainable way.

Reputation for High Standards of Business Conduct

Honesty, integrity and transparency are fundamental to the way in which the Company operates. The success of our services is highly dependent upon maintaining high standards of service and building a strong reputation in our local communities. We aim to treat all of our stakeholders in a fair and equitable way. The Company has long established 'HEART Values', embedding the principles of Honesty, Excellence, Approach, Respect and Teamwork in all that we do.

Acting Fairly Between Members of the Company

The Company is limited by guarantee and has no shareholders. The Trustee Directors are the members of the company and all members therefore have equal representation on the Board. The Chairman of the Board has a duty to ensure that all Board members are given the opportunity to express their views before any important decision is taken.

By order of the Board

Mr Christopher Kean
Chairman
2 October 2024

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Directors' report
For the year ended 31 March 2024

The Directors, who are also the Charity's trustees under Charities Law, are pleased to present their report and audited financial statements for Care South for the year ended 31 March 2024. The Directors' report includes all the information that is required to be included in a trustees' annual report required by the Charities SORP (FRS102).

Principal activities and future developments

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

The financial statements for 2023-24 represent the results of the Company for the 12 months to 31 March 2024. The principal source of income for the Company is the fees it charges for care services. The beneficiaries of the work of the Company are individuals who are in need of residential or nursing care, respite care, or services from care at home. The Company has contractual arrangements with individuals, local authorities and NHS Integrated Care Boards (ICBs).

The Company offers a range of care services and responds to changing needs of its users by working in partnership with local authority and NHS commissioners to develop and commission quality care services which meet the needs of the communities in which we operate. Care South also conducts customer service surveys amongst its residents, care at home clients, relatives, health and social care professionals, and the results of these influence the development and future direction of the Company.

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

Investment policy

The Board reviews its investment policy annually. The current policy is to invest funds in a combination of bank deposit accounts and managed investment portfolios. Bank deposits are to be held in instant access accounts, or for fixed terms of six months or less.

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

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

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

Policy on reserves

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

- The creation of a strong balance sheet position to support the development of the Charity and services, along with the improvement of the existing property portfolio and the construction or purchase of further residential care homes and care at homes offices.

- The establishment of sufficient reserves to ensure that the Company has appropriate liquidity to build resilience against short term or sudden fluctuations in income or cost levels and can ensure that commitments to providing services to our clients can be made with confidence.

Taking into consideration these core objectives, Board policy is to target a level of reserves sufficient to fund the fixed asset base held for use within the Company, to the extent that those assets are not funded by bank loans. Additionally, it is Board policy to hold further reserves sufficient to cover between 4 and 6 months of underlying operating expenditure. As at 31 March 2024, this represents a reserves target of between £62.2m and £70.1m, while the actual level of unrestricted reserves held is £65.7m.

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

Directors

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

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

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

The Board seeks to ensure that:

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

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

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

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

Mr Richard Dyson is due to retire by rotation at the forthcoming Annual General Meeting. He is eligible to stand for re-election for a further three years.

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

Directors' Indemnity Insurance, provided by a third party, is in place to protect the Directors and Officers in respect of negligence, default, breach of duty, or breach of trust of which they may be guilty in relation to their roles as Directors. The cost of the insurance for the year was £2,850 (2023: £2,750).

Decision making in the Company

The Directors delegate day to day running of the Company to the Executive Team. Each member of the Executive Team attends and submits a written report at the Board and Committee Meetings. The Board approves annual operating budgets, staff budgets and capital expenditure budgets, and reports are submitted to Board members updating progress against the budgets at each of their meetings.

Employees

The Company is committed to promoting equality and diversity within the workforce, recognising that everyone comes from a diverse background, with a variety of values and beliefs. Treating everyone as an individual and focusing on each staff member's individual strengths are embedded within the Company's values.

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

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

Staff Association

All employed staff are members of Care South's Staff Association. Each service has an elected representative and deputy who attends the Association meeting at least twice a year. This is an effective and constructive means of encouraging open communication and discussion, and the sharing of ideas and opinions amongst staff. Financial and economic factors that affect the performance of the Company are regularly reviewed and discussed. Staff Association representatives and deputies are elected at each of the company's care homes, care at home offices and head office. This allows staff representatives to bring forward any issues or concerns in relation to their specific service. Staff representatives are paid an allowance to recognise the responsibilities of the position in representing the views of all staff at their service.

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

Care South's Staff Association has the aims of:

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

Employee benefits

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

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

Financial risk management – bank loans

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

The Directors take overall responsibility for monitoring financial risk. The policies set by the Board of Directors are implemented by the Finance Director. In order to ensure stability of cash out flows and manage interest rate risk, the Board reviews what is in the best interests of the Company on each occasion that it enters into a loan agreement. To date, the Company has entered into eight main loan agreements at a mixture of fixed and floating rates.

Financial risk management – credit risk

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

Financial risk management – price risk

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

Financial risk management – liquidity and cash flow risk

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

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

Relationships with related parties

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

Charitable and taxation status

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

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

Carbon Energy Reporting

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

Carbon Energy Reporting 2023-24		Units 2023-24	Units 2022-23
UK Energy Use (KWh)	Electricity	2,752,481	2,754,445
	Gas	8,585,389	9,136,790
	Transport	1,263,555	1,204,297
	Total	**12,601,425**	**13,095,532**
Associated Greenhouse Gases Tonnes CO2e	Electricity	570	533
	Gas	1,571	1,668
	Transport	345	335
	Total	**2,485**	**2,535**
Intensity Ratio 1 - Tonnes CO2e per FTE Staff member	Electricity	0.56	0.57
	Gas	1.53	1.79
	Transport	0.34	0.36
	Total	**2.42**	**2.71**
Intensity Ratio 2 - Tonnes CO2e per Million £ Income	Electricity	9.88	10.65
	Gas	27.22	33.36
	Transport	5.98	6.70
	Total	**43.08**	**50.71**

Energy Efficiency Measures Undertaken During the Year

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

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

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

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

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

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

Methodologies Used in Calculating these Disclosures

Usage of electricity and gas has been provided by our energy broker from meter data. Conversion from kWh to CO2 has been made using the UK Government GHC conversion factors for company reporting. Energy usage for transport has been derived from mileage data taken from employee expense claims and from MOT mileage data for company owned vans and minibuses. Conversion of mileage into kWh and CO2 equivalents has followed the same government reporting guidelines.

Going Concern

Given the past, current and forecast performance of the Company, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Company is generating robust financial returns and the need for our care services remains strong. Our business therefore has a sound basis upon which to look to the future with confidence. The Company continues to generate both strong positive operating cash-flow and profit levels. Post year-end, the Company has continued to trade profitably and has been seeing increased margin levels. Our forecasts and predictions of the Company's performance over the short, medium and long term support the assertion that going concern continues to be the appropriate basis on which to prepare the financial statements.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards,

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

comprising FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and applicable law). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the incoming resources and application of resources, including the income and expenditure, of the Company for that period. In preparing the financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

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

- So far as the Director is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware; and

- They have taken all steps that they ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

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

By order of the Board

Mr Christopher Kean
Chairman
2 October 2024

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Independent Auditor's Report to the Members of Care South

Opinion

We have audited the financial statements of Care South (the 'company') for the year ended 31 March 2024, which comprise the Statement of Financial Activities, Charitable Company Balance Sheet, the Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of the net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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Independent Auditor's Report to the Members of Care South

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' report set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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Independent Auditor's Report to the Members of Care South

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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Independent Auditor's Report to the Members of Care South

Auditor's responsibilities for the audit of the financial statements – continued
In response to the identified risk, as part of our audit work we:

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

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

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

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

Signed by:
Duncan Leslie
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Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

Date: 04 October 2024

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

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

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

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

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Care South

Balance Sheet as at 31 March 2024

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

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

Christopher Kean
Chairman

Charles Hunter
Vice Chairman

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Statement of Cash Flows for the year ended 31 March 2024

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

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

1 General information

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

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

2 Statement of compliance

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

3 Statement of accounting policies

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

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements are prepared on a going concern basis, under the historical cost convention except for financial instruments which are measured at fair value. Further details regarding use of going concern basis can be found in the Directors Report, page 15.

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

Group financial statements

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

Tangible fixed assets

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

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

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

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3 Statement of accounting policies – continued

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

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

Donated assets are recognised at the start of the assets' useful lives.

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

Investments

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

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

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

Intangible assets

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

Software – 3 years

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

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

Stock

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

Cash and cash equivalents

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

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3 Statement of accounting policies - continued

Income

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

Deferred income

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

Expenditure

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

Pension costs

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

Operating leases

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

Financial instruments

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

a) *Financial assets*

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

b) *Financial liabilities*

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

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3 Statement of accounting policies - continued

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

Designated funds

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

Restricted funds

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

General funds

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

Critical accounting judgements and estimates

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

Impairment of receivables:
The company makes an estimate of the recoverable value of debtors. When assessing impairment of receivables, management considers factors including the credit rating of the debtor, the ageing profile of receivables and historical experience. See note 15 for more details.

Useful economic life of assets:
The carrying value of tangible fixed assets at 31 March 2024 (note 12), requires the directors to make an estimate of the assets' useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed on page 24.

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

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4 Income from charitable activities

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

5 Other income

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

6 Expenditure on charitable activities

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

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7 Directors' emoluments and key management compensation

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

Key management compensation

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

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

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

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

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8 Employee information

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

	2024 Number	2023 Number
By activity		
Management, administration and support	**133**	127
Supervisors	**115**	118
Care, catering, domestic and maintenance	**777**	689
	1,025	934

	2024 £000	2023 £000
Staff costs (for the above persons)		
Wages and salaries	**27,062**	23,450
Social security costs	**2,276**	1,990
Other pension costs	**714**	639
	30,052	26,079

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

9 Net income

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

10 Charitable and taxation status

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

11 Intangible assets

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

12 Tangible assets

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

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

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

13 Investments

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

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

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

Beauchamp House Nursing Home Limited (Company number 01124433)
Two Rivers Investments Limited (Company number 05139871)

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

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

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

The investments were valued by Investec Wealth and Investment Ltd based on the fair value which is equivalent to market price as at 31 March 2024.

14 Stock

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

15 Debtors

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

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

16 Creditors: amounts falling due within one year

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

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

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

17 Creditors: amounts falling due after more than one year

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

There are eight loan facilities repayable in instalments over durations ranging from 10 to 20 years at inception. The value of loans with fixed interest rates of between 5.9% and 6.6% is £2,994,000 (2023: £4,166,000). Loans with variable interest of base plus 2.25% total £1,140,000 (2023: £1,710,000). Loans with variable interest of base plus 2% total £1,397,000 (2023: £1,796,000). Each loan is secured on the property it was raised against.

Maturity of bank loans

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

18 Financial Instruments

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

Derivative financial instruments

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

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

19 Restricted income funds

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

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

Deferred income in respect of the above is recognised as £16,000 in short term creditors and £29,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

20 Unrestricted income funds

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

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

21 Analysis of net assets between funds

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

22 Pension obligations

Defined Contribution Schemes

The Defined Contribution schemes are stakeholder pension schemes and flexible retirement plans that are independently administered by regulated Financial Services companies. The cost of contributions to the schemes amounted to £19,000 (2023: £19,000) and £695,000 (2023: £620,000) respectively. Contributions of £3,000 (2023: £2,000) and £127,000 (2023: £112,000) were owed to the schemes respectively at the end of the year.

23 Related parties transactions

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

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

Docusign Envelope ID: 2C70898B-9616-4A94-823F-813DFC1469E0

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

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

25 Capital commitments

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

26 Contingent liabilities

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

27 Post balance sheet events

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

28 Financial commitments

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

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

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29 Limited liability

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

30 Analysis of changes in net funds

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

CARE SOUTH

England & Wales - Charity number 1014697

Accounts

Care South
(Company limited by guarantee)

Annual Report and Financial Statements

for the year ended 31 March 2023

Care South

Annual report
for the year ended 31 March 2023

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Care South

Legal and administrative information

Directors

Mrs Jane Stichbury CBE QPM DL
Chairman until 31 March 2023

Mr Christopher Kean FCA +*#^$~\
Chairman from 1 April 2023

Mrs Lindsay Ann Ansell
(Resigned 14 December 2022)

Mrs Hayley Bonner $
(Appointed 1 September 2023)

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

Dr Richard Day FRCP FRCP(ED)
(Resigned 14 December 2022)

Mr Richard Dyson #^

Mr Richard Groom MBE FCIB +^

Mr Charles Hunter FRICS +#$\

Ms Sarah Philbrick *^
(Appointed 1 January 2023)

Dr Adrian Rozkovec $
(Appointed 1 November 2022)

Mr Geoffrey Warde MBE *#^~\

\+ Member of the Audit Committee

* Member of the Remuneration Committee

\# Member of the Property and Development Committee

^ Member of the Finance Committee

$ Member of the Care Governance Committee

~ Member of the Defects Recovery Committee

\ Member of the Chairman's 2020 Committee

Executive Team

Simon Bird MRICS
Chief Executive

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

Nicholas Fry BA (Hons) MRICS
Property Director

Martin Ross
Director of Care at Home

Margaret Searle MCIPD
Director of Human Resources and Training

Phil Smith
Director of Residential Care
(Appointed 27 March 2023)

Aaron Whitehead
Director of Residential Care
(Resigned 31 October 2022)

Penelope Sargeant ACIS
Board Secretary

Registered Office

39 Commercial Road
Poole, BH14 0HU

Independent Auditors

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

Bankers

Barclays Bank plc
1 Churchill Place
London, E14 5HP

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

Solicitors

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

Strategic report
for the year ended 31 March 2023

The Directors present their strategic report for the year ended 31 March 2023.

Financial overview and future developments

Company incoming resources increased by 6.9%, compared with the previous year, up to £50.0m (2022: £46.7m). Income from charitable activities increased by £4.2m (9.4%) overall, while other income declined from £1.7m down to £0.4m. In residential care, some modest improvement in occupancy levels combined with higher average fee rates resulted in higher income levels. Within our care at home services, the volume of billed hours increased by 7%, pushing income levels higher. Other income levels reduced significantly, as the infection control, rapid testing and workforce retention and recruitment grants which had been received in the prior year came to an end. Income from these sources reached £1.6m in 2022, while no grants were received during 2023. Investment income increased by £0.4m, largely reflecting higher interest rates being received on cash balances held.

The Company's total expenditure increased by £5.0m and 12% up to £46.0m. This reflected significant rates of inflation in both staff and non-staff costs. The care sector suffered from acute staff shortages, fuelling higher pay rates, additional investment in recruitment & retention initiatives, along with higher usage of agency staff. These factors all contributed towards higher staff costs. We also saw unprecedented rates of increase in energy costs and double digit inflation impacting many other cost areas including catering supplies and property repairs and maintenance. The property related expenditure for the year also included non-routine costs of £0.6m for defect repairs at two of our care homes.

The Company reported a net income before other recognised gains and losses of £3.9m (2022: £5.7m). The reduction of £1.8m largely reflected the loss of grant income and the additional property defects spend, with underlying margin levels being maintained. After a challenging year for investment performance, unrealised losses of £0.6m were recorded on investments, with the high rates of inflation across many major economies and rising interest rates impacting performance.

After other recognised gains and losses, the Company reported a Net Movement in Funds of £3.3m (2022: £5.5m). 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 coming years. The level of reserves held at the end of the year remains in excess of the range outlined within the Company's Reserves Policy, although the gap narrowed when compared to the previous year. Reserve levels are expected to fall back in line with the policy during 2024, with investment plans moving forward. The Company Balance sheet remains strong, with £19.3m held in cash reserves and a further £9.0m of liquid investments.

Strategic report
for the year ended 31 March 2023 (continued)

Purposes and aims

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

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

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

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

Care South's Long Term Strategy is as follows:

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

Objectives and achievements for 2022-23

During 2022-23 we have returned to operating on a business as usual basis, following the significant impact of the Covid-19 pandemic. On 15 December 2022 the UK Government issued updated guidance, removing most of the remaining restrictions within care home settings and bringing to an end the longstanding requirement for the routine wearing of facemasks in care homes for care workers and visitors. It was pleasing for both our staff and our residents to be able to put the difficulties of the Covid-19 pandemic behind us and focus once again on living normal fulfilling lives. We remain extremely grateful for the outstanding dedication and resilience of our staff in keeping our residents, care at home clients and each other safe during what had been an extremely challenging period for all involved.

The objectives derived from our long-term strategy were reviewed and agreed by the Board in November 2022. The table below outlines our objectives for 2022-23 and our assessment of the achievement and success against each of these objectives.

Strategic report
for the year ended 31 March 2023 (continued)

Objective	Achievement
To deliver quality care services which meet all relevant regulations and are rated at least "Good" by CQC.	The standard of care within our residential and care at home services is continually monitored through internal quality audits and feedback from residents/service users and relatives with constant focus upon delivering quality care. The Care Governance Committee reviews the results of internal audits and CQC inspections as part of the ongoing commitment to deliver quality care. The results of CQC inspections for Care South homes and services can be found at www.cqc.org.uk. Currently 89% of the Care South services are rated at least "Good" by CQC, which is above the national average of 83%. We are also confident that reinspection of the two services which have historic 'requires improvement' ratings would result in upgraded ratings. During the year, we continued to embed the new market leading electronic care planning system which has been implemented in our residential homes, while also introducing a new bespoke electronic care planning system into our care at home operation. These systems are generating significant benefits for our residents, care at home clients and our 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, with a return to more face to face delivery of training during the year. In common with most of the care sector, we saw staff turnover rates and vacancy rates increase during the year. We have continued to invest in our HR and recruitment teams to address these sector wide challenges and saw some signs of improvement and reducing vacancy rates by the end of the financial year.
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 previously targeted the expansion and development of the care at home offering and delivered growth in billed hours of 7% during the year, on top of the 14% growth which was seen last year. While the rate of growth has been slower than hoped for, the recruitment challenges within homecare have been particularly acute. We applied for and subsequently received Home Office approval for overseas applicant sponsorship licences in order to help boost the recruitment pipeline and expand capacity.
To enhance the property portfolio of the Charity to provide security for the future.	Construction has commenced on our spectacular art deco style new build 50 bed care home, Marjorie House during the year. Good progress is being made on the site overlooking Poole Harbour and we expect that the care home will be ready to welcome its first residents during the summer 2024. The company exchanged contracts for the purchase of a site in Wimborne during March 2023, with completion taking place post year-end. We are currently designing a scheme incorporating a new 60 bed care home and 40-50 assisted living apartments on the site. This care village type scheme is a concept that works well and one which we are keen to develop further.

Strategic report
for the year ended 31 March 2023 (continued)

To work with local authorities and other commissioners to meet the future need.	The Executive Team continues to have strategic discussions with local authority and NHS commissioners, to identify and move forward with commissioning services tailored to local needs. During February 2023, a new residential care block bed contract commenced to support NHS Dorset in facilitating hospital discharge for patients from the Royal Bournemouth and Poole hospitals into an appropriate care setting. The scheme looks to quickly find the right long-term solution for each patient, to maintain a good flow through the block beds back into the community. The scheme has worked extremely well, with dedicated resources given to the scheme to help ensure a smooth and timely flow of patients through the beds, which were commissioned across a number of our local care homes. The beds have achieved high utilisation rates and we look forward to renewing our partnership once the initial contract period comes to an end. The Company also continued to work closely and flexibly with local authority commissioners during the year to support hospital discharge requirements at various pressure points throughout the year with care at home services.
To remain financially viable and hold reserves in line with our reserves policy.	During the year, Company reserves increased by £3.3m, after absorbing £0.6m of non-routine costs in repairing property defects. This reflected a positive operating performance from the business, following the cessation of grant income support to the care sector from central Government. Company unrestricted reserves reached £60.1m, which was slightly in excess of the range targeted by the reserves policy. Reserves are expected to soon return to a level within the targeted range, with significant investment plans now moving forward.
To continue the on-going programme of investment in the existing homes.	The Company continues to invest significantly in repairs, maintenance and improvements within existing services, to ensure that the environment and facilities in each of our residential homes are maintained in a good state of repair. Significant investment was made during the year in creating new dementia gardens at our Buxton House, Fairlawn and Kenwith Castle care homes, which are a great new facility for our residents. We also completed a significant kitchen extension at our Beauchamp House care home, creating a better working environment for our team of Chefs. Plans for a major redevelopment and construction project at our Sussexdown nursing home in West Sussex were submitted for planning, which will involve investment in a new build care home, along with a combination of converted and new build assisted living accommodation on site. Post year-end, planning consent has been granted.

Our objectives for 2023/2024 remain unchanged.

Strategic report
for the year ended 31 March 2023 (continued)

Review of business and developments during the year

The Statement of Financial Activities for the year is set out on page 22. A review of financial performance during the year and the closing financial position is included in the Financial overview and future developments section above.

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

In recent years, Care South has expanded its range of care services, operating across the south of England, from Devon to West Sussex, and embarked on a redevelopment programme for the replacement of some older homes, to include dedicated dementia facilities. Our care at home services now operate out of four dedicated offices, providing services to a range of local authority and NHS commissioners, as well as private clients.

Care South operates 15 residential care homes, some of which have dedicated dementia units; 3 currently providing nursing care. 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 its roof during storm Eunice, our Queensmead care home relocated to the vacated Castle Dene building during March 2022. It was subsequently decided that the move back to Castle Dene would be a permanent one, with the Queensmead building, which was leased from the BCP Council, handed back to the local authority. Castle Dene has been operating successfully since the relocation and currently participates in the block book bed arrangements with NHS Dorset

The Company owns the freeholds of 14 assisted living houses and apartments at Beauchamp House in Somerset, having repurchased in September 2022 the final property within the development previously sold on a long leasehold basis. The Company also owns the reversionary freeholds of 11 assisted living apartments built at Strome Park, Storrington; 18 assisted living apartments and cottages at St Ives House, Ringwood; 9 apartments at Alexandra House, Parkstone and 31 assisted living bungalows at Kenwith Castle Gardens, Devon. A further phase of development of an additional 27 assisted living bungalows is currently taking place at Kenwith Meadows, within the grounds of our Kenwith Castle site. The first two plots were sold during February 2023, with the Company retaining the reversionary freeholds. At all developments, the properties are either sold on a long leasehold basis or let on short-term tenancy agreements.

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

Care South leases four 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. A further three homes are leased from BCP Council, with the lease on Castle Dene being renewed in October 2022 and the lease for the vacated Queensmead site being surrendered in January 2023.

The Company also owns the freehold interest of a site in Poole, with a new care home, Marjorie House under construction and due to open in summer 2024. Contracts were exchanged on the purchase of a freehold site in Wimborne during March 2023, with completion taking place during

Strategic report
for the year ended 31 March 2023 (continued)

May 2023. Plans to build a 60 bed care home and 40-50 assisted living units are currently being developed.

The Care South Learning & Development team provides 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 level of face to face training increased as we got back to business as usual. Levels of mandatory training compliance are strictly monitored to ensure that staff within our services have received all necessary training.

Risk management and controls

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

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

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

Strategic report
for the year ended 31 March 2023 (continued)

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

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

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

Remuneration Policy

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

Section 172 (1) Statement

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

Consideration of the Long Term Consequences of Decisions

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

The Interests of the Company's Employees

Our employees are fundamental to the quality of the services we are able to offer our residents and our care at home clients. Employing a well trained, motivated and engaged workforce is therefore of paramount importance to the Company. The Company invests extensively in the learning and development of our workforce and has developed a people plan to ensure that we operate best practice in staff recruitment, retention and engagement. The Care South Staff Association ensures that all sites and services are represented in two way discussions, allowing staff views and ideas to be incorporated in the decision making process. In addition, staff surveys are performed to assess the success of our approach and to develop action plans to invest further in workforce development.

Strategic report
for the year ended 31 March 2023 (continued)

Fostering of the Interests of the Company's Business Relationships

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

Impact on the Community & Environment

We aim that all of the services operated by the Company are integrated within and enhance the local communities in which they operate. Establishing and nurturing local community links are a key element in the successful operation of our care homes, as we draw the majority of our residents and staff from those local communities. The Company is mindful of our responsibility to minimise our impact on the environment and our approach to this is outlined on page 14 within our carbon energy reporting statement.

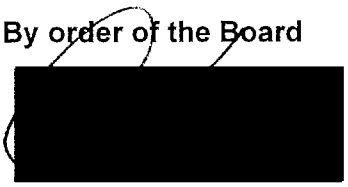
Reputation for High Standards of Business Conduct

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

By order of the Board



Mr Christopher Kean
Chairman
27 September 2023

Directors' report
For the year ended 31 March 2023

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 2023. The Directors' report includes all the information that is required to be included in a trustees' annual report required by the Charities SORP (FRS102).

Principal activities and future developments

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

The financial statements for 2022-23 represent the results of the Company for the 12 months to 31 March 2023. The principal source of income for the Company is the fees it charges for care services. The beneficiaries of the work of the Company are individuals who are in need of residential or nursing care, respite care, or services from care at home. The Company has contractual arrangements with individuals, local authorities and NHS Integrated Care Boards (ICBs).

The Company offers a range of care services and responds to changing needs of its users by working in partnership with local authority and NHS commissioners to develop and commission quality care services which meet the needs of the communities in which we operate. Care South also conducts customer service surveys amongst its residents, care at home clients, relatives, health and social care professionals, and the results of these influence the development and future direction of the Company.

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

Investment policy

The Board reviews its investment policy annually. The current policy is to invest funds in a combination of bank deposit accounts and managed investment portfolios. Bank deposits are to be held in instant access accounts, or for fixed terms of six months or less. During December 2022, the Board accepted a recommendation from the Finance Committee to amend the Investment Policy to read as follows:

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

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

During the year, the Board authorised an increase in the level of funds placed in managed investment portfolios up from £6.0m to £9.0m.

Directors' report
for the year ended 31 March 2023 (continued)

Policy on reserves

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

- The creation of a strong balance sheet position to support the development of the Charity and services, along with the improvement of the existing property portfolio and the construction or purchase of further residential care homes and care at homes offices.

- The establishment of sufficient reserves to ensure that the Company has appropriate liquidity to build resilience against short term or sudden fluctuations in income or cost levels and can ensure that commitments to providing services to our clients can be made with confidence.

Taking into consideration these core objectives, Board policy is to target a level of reserves sufficient to fund the fixed asset base held for use within the Company, to the extent that those assets are not funded by bank loans. Additionally, it is Board policy to hold further reserves sufficient to cover between 4 and 6 months of underlying operating expenditure. As at 31 March 2023, this represents a reserves target of between £51.4m and £59.1m, while the actual level of unrestricted reserves held is £60.1m.

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.

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

During the year the Defects Recovery Committee was formed. The Defects Recovery Committee has been instigated in order to initiate and maintain oversight of actions being taken by the Company, to recover monies from third parties in relation to defective works performed at a number of properties. It was decided to keep this Committee separate from the Property and Development Committee, in order that both Committees have sufficient time to focus on their core objectives and so that the expertise of Committee members is closely aligned with the business of each Committee. It is the intention to disband the Defects Recovery Committee once all actions in relation to the property defects have been drawn to a conclusion.

Directors' report
for the year ended 31 March 2023 (continued)

The Board seeks to ensure that:

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

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

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

Mr Paul Causton, Mr Charles Hunter, Mr Christopher Kean, Mrs Jane Stichbury, and Mr Geoff Warde are due to retire by rotation at the forthcoming Annual General Meeting. All are eligible to stand for re-election for a further three years.

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

Directors' Indemnity Insurance, provided by a third party, is in place to protect the Directors and Officers in respect of negligence, default, breach of duty, or breach of trust of which they may be guilty in relation to their roles as Directors. The cost of the insurance for the year was £2,750 (2022: £2,500).

Decision making in the Company

The Directors delegate day to day running of the Company to the Executive Team. Each member of the Executive Team attends and submits a written report at the Board and Committee Meetings. The Board approves annual operating budgets, staff budgets and capital expenditure budgets, and reports are submitted to Board members updating progress against the budgets at each of their meetings.

Employees

The Company is committed to promoting equality and diversity within the workforce, recognising that everyone comes from a diverse background, with a variety of values and beliefs. Treating everyone as an individual and focusing on each staff member's individual strengths are embedded within the Company's values.

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

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

Directors' report
for the year ended 31 March 2023 (continued)

Staff Association

All employed staff are members of Care South's Staff Association. Each service has an elected representative and deputy who attends the Association meeting at least twice a year. This is an effective and constructive means of encouraging open communication and discussion, and the sharing of ideas and opinions amongst staff. Financial and economic factors that affect the performance of the Company are regularly reviewed and discussed. Staff Association representatives and deputies are elected at each of the company's care homes, care at home offices and head office. This allows staff representatives to bring forward any issues or concerns in relation to their specific service. Staff representatives are paid an allowance to recognise the responsibilities of the position in representing the views of all staff at their service.

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 enrols all qualifying staff into a defined benefit pension scheme operated by The Pensions Trust. A small number of staff have alternative pension arrangements in place. During the year the tri-annual re-enrolment of staff who had opted out of the pension scheme took place, in line with pensions auto-enrolment legislation.

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

Financial risk management – bank loans

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

The Directors take overall responsibility for monitoring financial risk. The policies set by the Board of Directors are implemented by the Finance Director. In order to ensure stability of cash out flows and manage interest rate risk, the Board reviews what is in the best interests of the Company on each occasion that it enters into a loan agreement. To date, the Company has entered into eight main loan agreements at a mixture of fixed and floating rates.

Financial risk management – credit risk

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

Directors' report
for the year ended 31 March 2023 (continued)

Financial risk management – price risk

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

Financial risk management – liquidity and cash flow risk

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

Relationships with related parties

The subsidiary companies in the group are dormant and there was no trade during the year. Details of related party transactions are found in note 22.

Charitable and taxation status

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

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

Carbon Energy Reporting

The table below outlines the energy use by the Company during the 2022-23 financial year.

Carbon Energy Reporting 2022-23		Units 2022-23	Units 2021-22
UK Energy Use (KWh)	Electricity	2,754,445	2,964,732
	Gas	9,136,790	9,878,180
	Transport	1,204,297	1,067,463
	Total	**13,095,532**	**13,910,375**
Associated Greenhouse Gases Tonnes CO2e	Electricity	533	630
	Gas	1,668	1,809
	Transport	335	299
	Total	**2,535**	**2,738**
Intensity Ratio 1 - Tonnes CO2e per FTE Staff member	Electricity	0.57	0.62
	Gas	1.79	1.79
	Transport	0.36	0.30
	Total	**2.71**	**2.71**
Intensity Ratio 2 - Tonnes CO2e per Million £ Income	Electricity	10.65	13.47
	Gas	33.36	38.72
	Transport	6.70	6.41
	Total	**50.71**	**58.60**

Directors' report for the year ended 31 March 2023 (continued)

Energy Efficiency Measures Undertaken During the Year

During 2022-23, the Group saw some significant reduction in energy usage from both electricity and gas, along with a notable increase in the use of energy from transport. The increase in the use of energy from Transport reflects that our operations have adopted a business as usual approach in 2022-23, following a period where visits by support staff to our care homes had been restricted in line with Covid-19 protocols. Visits of support staff to our care homes are an important part of ensuring a consistent delivery of high quality care and contribute a small proportion of our overall energy usage.

It was very pleasing to see reductions of 7.5% in gas consumption and 7.1% in electricity consumption year-on-year across our portfolio, which come on top of reductions in consumption seen in 2021-22. While our residential care business saw an increase in occupancy levels when compared to 2021-22, some part of the reduction in energy usage was attributable to operating from 15 sites during 2022-23, compared to 16 sites for most of the previous year. Nevertheless, most sites saw reductions in usage, some at significant levels.

Actions taken during the year included ongoing upgrade programmes to more efficient LED lighting and A rated boilers. We also focused on ensuring maximum running time for combined heat and power (CHP) units at care homes which have this technology, which generates electricity on site. This resulted in a substantial reduction in energy usage at our Alexandra House site. At all sites we introduced a programme of regular temperature measurement to ensure that our care homes are maintained at comfortable temperatures for our residents and introduced measures to raise awareness of energy efficiency among staff.

Intensity ratios based on income levels showed a reduction of a substantial 13.5% overall. The intensity ratio based upon FTE staff members was unchanged. The primary reason for the disparity is that while resident numbers and income levels increased during 2022-23, the FTE number actually showed a reduction of 8%. This was reflective of an extremely challenging recruitment market, which led to a significant increase in agency staff. As agency staff are not included within the FTE calculation, this impacts the calculation of the intensity ratio. For 2022-23 it therefore considered that the intensity ratios based upon income levels provide a better reflection of the reductions in energy consumption which have been achieved.

Overall, it was pleasing to see a 7.4% and 203 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 CO2 has been made using the UK Government GHC conversion factors for company reporting. Energy usage for transport has been derived from mileage data taken from employee expense claims and from MOT mileage data for company owned vans and minibuses. Conversion of mileage into kWh and CO2 equivalents has followed the same government reporting guidelines. Some restatement of data for 2021-22 has been made in order to reflect a consistent application of conversion factors in line with the guidelines.

Covid-19

2022-2023 was a year of returning to business as usual and moving on from the previous difficulties caused by the Covid-19 pandemic. All forms of Government grant support came to an end in March 2022 and no support income was received during the year. Operationally, Covid-19 outbreaks continued to have some impact on our services, but at much more moderate levels.

Directors' report
for the year ended 31 March 2023 (continued)

During December 2022 the Government guidance in relation to the wearing of face masks in care homes was updated and the need for staff to routinely wear masks removed. This marked the end of the significant restrictions which had previously been in place and facilitates once again much easier communications between residents and staff. We remain extremely grateful for the extra-ordinary efforts of our dedicated frontline staff who worked so hard to keep our residents, care at home clients and each other safe throughout the period of the pandemic and restrictions. We also continue to operate to the enhanced levels of infection control which were introduced during the pandemic.

Going Concern

Given the past, current and forecast performance of the Company, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The Company is now very much operating on a business as usual basis and the need for our care services remains strong. Our business therefore has a sound basis upon which to look to the future with confidence. The Company continues to generate both strong positive operating cash-flow and profit levels. Post year-end, the Company has continued to trade profitably and has been seeing increased occupancy levels. Our forecasts and predictions of the Company's performance over the short, medium and long term support the assertion that going concern continues to be the appropriate basis on which to prepare the financial statements.

Statement of Directors' responsibilities

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report
for the year ended 31 March 2023 (continued)

Statement of disclosure of information to auditors

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

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

Independent auditors

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

By order of the Board

[redacted]

Mr Christopher Kean
Chairman
27 September 2023

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 2023, 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 2023 and of the net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent Auditor's Report to the Members of Care South

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' report set out on page 16, 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. 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.

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

Towngate House
2 – 8 Parkstone Road
Poole
BH15 2PW

Date: 03/10/2023

Statement of financial activities (including income and expenditure account) for the year ended 31 March 2023

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	**Total 2023 £000**	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total 2022 £000
Income from:							
Charitable activities	4	49,069	16	**49,085**	44,856	16	44,872
Investment income		543	-	**543**	135	-	135
Other income	5	357	-	**357**	1,732	-	1,732
Total income		49,969	16	**49,985**	46,723	16	46,739
Expenditure							
Expenditure on charitable activities	6	46,013	31	**46,044**	41,031	36	41,067
Total expenditure		46,013	31	**46,044**	41,031	36	41,067
Net income	9	3,956	(15)	**3,941**	5,692	(20)	5,672
Transfers		16	(16)	**-**	16	(16)	-
Losses on investments		(647)	-	**(647)**	(146)	-	(146)
Net movements in funds		3,325	(31)	**3,294**	5,562	(36)	5,526
Fund balances brought forward at 1 April		56,792	299	**57,091**	51,230	335	51,565
Fund balances at 31 March		60,117	268	**60,385**	56,792	299	57,091

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 2023

Company No 02565033	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	11	**126**	243
Tangible assets	12	**43,613**	41,680
Investments	13	**11,915**	9,433
Total fixed assets		**55,654**	51,356
Current assets			
Debtors	14	**4,142**	3,508
Cash at bank and in hand		**19,334**	21,810
Total current assets		**23,476**	25,318
Creditors: amounts falling due within one year	15	**(12,671)**	(11,234)
Net current assets		**10,805**	14,084
Total assets less current liabilities		**66,459**	65,440
Creditors: amounts falling due after more than one year	16	**(6,074)**	(8,349)
Total net assets		**60,385**	57,091
The funds of the charity			
Restricted income funds	18	**268**	299
Unrestricted income funds			
Designated funds	19	**38,878**	34,906
General funds	19	**21,239**	21,886
Total unrestricted income funds		**60,117**	56,792
Total charity funds		**60,385**	57,091

The financial statements on pages 22 to 41 were approved by the Board of Directors on 27 September 2023 and were signed on its behalf by:

[redacted]

Christopher Kean
Chairman

[redacted]

Charles Hunter
Director

Statement of Cash Flows
for the year ended 31 March 2023

	Note	2023 £000	2022 £000
Net cash provided by operating activities	23	**6,139**	8,072
Cash flow from investing activities			
Purchase of tangible fixed assets		**(3,534)**	(2,160)
Purchase of intangible fixed assets		**-**	(117)
Proceeds from the sale of tangible fixed assets		**-**	2
Financial investment		**(3,130)**	(3,075)
Cash balances transferred from subsidiaries			-
Dividends received		**114**	76
Interest received		**429**	59
Net cash used in investing activities		**(6,121)**	(5,215)
Cash flow from financing activities			
Loan interest paid		**(355)**	(289)
Receipt of bank loan		**-**	-
Loan capital repaid		**(2,139)**	(2,191)
Net cash used in financing activities		**(2,494)**	(2,480)
Net change in cash and cash equivalents		**(2,476)**	377
Cash and cash equivalents at the beginning of the year		**21,810**	21,433
Cash and cash equivalents at the end of the year		**19,334**	21,810

Notes to the financial statements for the year ended 31 March 2023

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 16.

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:

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.

Cash and cash equivalents

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

3 Statement of accounting policies - continued

Income

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

Deferred income

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

Expenditure

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

Pension costs

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

Operating leases

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

Financial instruments

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

a) *Financial assets*

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

b) *Financial liabilities*

Basic financial liabilities including trade and other payables, 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.

3 Statement of accounting policies - continued

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

Designated funds

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

Restricted funds

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

General funds

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

Critical accounting judgements and estimates

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

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

Useful economic life of assets:
The carrying value of tangible fixed assets at 31 March 2023 (note 12), requires the directors to make an estimate of the assets' useful economic lives and undertake an annual review for impairment. The estimated lives applied are detailed on page 26.

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

4 Income from charitable activities

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total 2022 £000
Residential care services	**43,948**	**16**	**43,964**	40,093	16	40,109
Domiciliary care services	**5,121**	**-**	**5,121**	4,763	-	4,763
	49,069	**16**	**49,085**	44,856	16	44,872

5 Other income

	2023 £000	2022 £000
Infection Control and Rapid Testing grants	**-**	1,178
Workforce Retention and Recruitment grants	**-**	417
Insurance claims	**85**	-
Sundry income and utility costs recharged	**272**	137
	357	1,732

6 Expenditure on charitable activities

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000	Unrestricted funds 2022 £000	Restricted funds 2022 £000	Total 2022 £000
Residential care	**36,129**	**31**	**36,160**	31,837	36	31,873
Domiciliary care	**4,338**	**-**	**4,338**	3,936	-	3,936
Support costs	**4,651**	**-**	**4,651**	4,351	-	4,351
Other costs	**540**	**-**	**540**	618	-	618
Interest payable on bank loans	**464**	**-**	**464**	469	-	469
Gains on derivative financial instruments	**(109)**	**-**	**(109)**	(180)	-	(180)
	46,013	**31**	**46,044**	41,031	36	41,067

7 Directors' emoluments and key management compensation

Travel expenses of £1,553 were paid to Directors during the year (2022: £1,951). No emoluments are payable to the Directors (2022: £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:

	2023 £000	2022 £000
Salaries and other short-term benefits	**811**	847
Post-employment benefit	**59**	59
Total compensation	**870**	906

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

	2023 Number	2022 Number
£20,001 - £30,000	**-**	1
£80,001 - £90,000	**-**	1
£90,001 - £100,000	**-**	-
£100,001 - £110,000	**2**	2
£110,001 - £120,000	**2**	-
£130,001 - £140,000	**-**	1
£150,001 - £160,000	**1**	1
£190,001 - £200,000	**-**	1
£200,001 - £210,000	**1**	-
	6	7

8 Employee information

The average number of people employed by the Company in the financial year was 1,241 (2022: 1,308). This equates to the following average monthly number of full-time equivalent persons (including senior executives) employed by the Company during the year:

	2023 Number	2022 Number
By activity		
Management, administration, finance and training	**127**	145
Supervisors	**118**	138
Care, catering and domestic staff	**689**	728
	934	1,011

	2023 £000	2022 £000
Staff costs (for the above persons)		
Wages and salaries	**23,450**	23,699
Social security costs	**1,990**	1,890
Other pension costs	**639**	631
	26,079	26,220

Staff numbers have been reported on the basis of full time equivalent hours. In addition, temporary staff costs of £4,972,000 (2022: £2,150,000) were incurred for holiday cover, sickness, and staff shortages.

9 Net income

	2023 £000	2022 £000
Net income is stated after charging:		
Depreciation for the year:		
- Tangible fixed assets	**1,601**	1,530
- Intangible owned fixed assets	**117**	99
Operating leases - land and buildings	**1,818**	1,869
Profit/(loss) on disposal of fixed assets	**-**	2
Fees payable to the Company's auditors for the audit of the Company's financial statements	**40**	36
Fees payable to the Company's auditors for other services	**78**	79

10 Charitable and taxation status

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

11 Intangible assets

	Software	Total
	£000	£000
Cost		
At 1 April 2022	696	696
Additions	-	-
Transfers	-	-
Disposals	(62)	(62)
At 31 March 2023	**634**	**634**
Accumulated amortisation		
At 1 April 2022	453	453
Charge for the year	117	117
Disposals	(62)	(62)
At 31 March 2023	**508**	**508**
Net book value		
At 31 March 2023	**126**	**126**
At 31 March 2022	243	243

12 Tangible assets

	Land and Buildings £000	Assets Under Con-struction £000	Short Leasehold Improve-ments £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
Cost					
At 1 April 2022	40,372	4,987	299	8,679	54,337
Additions	366	2,292	-	876	3,534
Transfers	449	(731)	-	282	-
Disposals	-	-	(47)	(1,796)	(1,843)
At 31 March 2023	**41,187**	**6,548**	**252**	**8,041**	**56,028**
Accumulated Depreciation					
At 1 April 2022	5,826	-	292	6,539	12,657
Charge for the year	778	-	1	822	1,601
Eliminated on disposal	-	-	(47)	(1,796)	(1,843)
At 31 March 2023	**6,604**	**-**	**246**	**5,565**	**12,415**
Net book value					
At 31 March 2023	**34,583**	**6,548**	**6**	**2,476**	**43,613**
At 31 March 2022	34,546	4,987	7	2,140	41,680

Included within Land and Buildings net book value are freehold land and buildings of £15,166,000 (2022: £14,656,000), leasehold buildings on a 999 year lease £187,000 (2022: £191,000), buildings where the land is held on a 125 year operating lease of £13,647,000 (2022: £14,015,000) and buildings where land is held on a 150 year operating lease of £5,583,000 (2022: £5,684,000)

The net book value of capitalised finance costs is £70,000 (2022: £72,000) which is included within land and buildings.

13 Investments

	Company 2023 £000	Company 2022 £000
Shares in group undertakings	**2,871**	2,871
Listed investments	**9,044**	6,562
	11,915	9,433

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

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

Beauchamp House Nursing Home Limited (Company number 01124433)
Two Rivers Investments Limited (Company number 05139871)

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

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

Other investments	**2023** £000	2022 £000
Listed Investments	**9,044**	6,562

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 2023.

14 Debtors

	2023 £000	2022 £000
Amounts falling due within one year:		
Trade debtors	**2,195**	1,751
Other debtors	**67**	81
Prepayments and accrued income	**1,880**	1,676
	4,142	3,508

Trade debtors are stated after provision for impairment of £252,000 (2022: £290,000).

15 Creditors: amounts falling due within one year

	2023 £000	2022 £000
Bank loans	**2,138**	2,138
Trade creditors	**4,069**	3,273
Amounts owed to subsidiary undertakings	**2,871**	2,871
Other creditors	**471**	559
Taxation and social security	**379**	452
Accruals and deferred income	**2,743**	1,941
	12,671	11,234

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

	2023 £000
Deferred income at 1 April 2022	**369**
Resources deferred in year	**462**
Amounts released from previous periods	**(353)**
Deferred income at 31 March 2023	**478**

16 Creditors: amounts falling due after more than one year

	2023 £000	2022 £000
Bank loans	**5,534**	7,673
Accruals	**517**	528
Deferred income	**49**	65
Derivative financial instruments	**(26)**	83
	6,074	8,349

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 £4,166,000 (2022: £5,337,000). Loans with variable interest of base plus 2.25% total £1,710,000 (2022: £2,279,000). Loans with variable interest of base plus 2% total £1,796,000 (2022: £2,195,000). Each loan is secured on the property it was raised against.

Maturity of bank loans

	2023 £000	2022 £000
In one year or less	**2,138**	2,138
In more than one year, but not more than two years	**2,138**	2,138
In more than two years, but not more than five years	**3,396**	5,016
In more than five years	**-**	519
	7,672	9,811

17 Financial Instruments

	2023 £000	2022 £000
Financial assets measured at amortised cost		
- Trade debtors	**2,195**	1,751
- Accrued income	**1,245**	1,076
- Other debtors	**67**	81
Financial assets at fair value through income and expenditure		
- Listed investments	**9,044**	6,562
Financial assets	**12,551**	9,470
Financial liabilities measured at amortised cost		
- Trade creditors	**4,069**	3,273
- Bank loans	**7,672**	9,811
- Amounts owed to subsidiary undertakings	**2,871**	2,871
- Accruals	**2,782**	2,010
- Other creditors	**471**	559
Financial liabilities measured at fair value through income and expenditure		
- Derivative financial instruments	**(26)**	83
Financial liabilities	**17,839**	18,607

Derivative financial instruments

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

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

18 Restricted income funds

	Sussexdown Legacy	Maiden Castle Build	Total
			£000
At 1 April 2022	**222**	**77**	**299**
Income	-	16	16
Transfers	-	(16)	(16)
Expenditure	(15)	(16)	(31)
At 31 March 2023	**207**	**61**	**268**

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 £45,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

19 Unrestricted income funds

	Designated Funds	General Funds	Total
	£000	£000	£000
At 1 April 2022	34,906	21,886	**56,792**
Transfer from restricted funds	-	16	**16**
Transfer	3,972	(3,972)	**-**
Income	-	49,969	**49,969**
Expenditure	-	(46,013)	**(46,013)**
Unrecognised gains	-	(647)	**(647)**
At 31 March 2023	**38,878**	**21,239**	**60,117**

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.

20 Analysis of net assets between funds

	Designated Funds	Restricted Funds	General Funds	Total 2023
	£000	£000	£000	£000
Fixed assets	46,550	61	9,043	**55,654**
Current assets	-	207	23,269	**23,476**
Current liabilities	(2,138)	-	(10,533)	**(12,671)**
Long term liabilities	(5,534)	-	(540)	**(6,074)**
Total Net Assets	**38,878**	**268**	**21,239**	**60,385**

21 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 (2022: £19,000) and £620,000 (2022: £619,000) respectively. Contributions of £2,000 (2022: £2,000) and £112,000 (2022: £112,000) were owed to the schemes respectively at the end of the year.

22 Related parties transactions

The Company had the following balances outstanding with its wholly owned subsidiaries at 31 March 2023:-

- £406,000 owed to Beauchamp House Nursing Home Ltd (2022: £406,000)
- £2,465,000 owed to Two Rivers Investments Ltd (2022: £2,465,000)

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, who was a Director of Care South until 14 December 2022 is also a Trustee of the TH Russell Charitable Trust. The rent paid under the lease during the financial year whilst Mrs Ansell was a Director amounted to £87,000 (£123,000 during the whole financial year ended 31 March 2022).

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

	2023 £000	2022 £000
Net income (before other recognised gains and losses)	**3,941**	5,672
Depreciation	**1,601**	1,530
Amortisation	**117**	99
Dividends received	**(114)**	(76)
Interest received	**(429)**	(59)
Interest expensed	**355**	289
(Profit)/loss on disposal of fixed assets	**-**	(2)
Increase in debtors	**(634)**	(65)
Increase/(decrease) in creditors	**1,302**	684
Net cash provided by operating activities	**6,139**	8,072

24 Capital commitments

The Company has entered into contracts for building works at our Beauchamp House and Fern Brook Lodge properties, along with a new build development, Marjorie House in Poole. Capital commitments at the balance sheet date in relation to these contracts total £8.9m (2022 £624,000).

25 Contingent liabilities

The Company has no material contingent liabilities at 31 March 2023 (2022: £2.0m).

26 Post balance sheet events

On 19 May 2023, the Company acquired the Freehold Interest in a site located in Wimborne, for a sum of £2.5m. It is the intention of the Company to build a residential care home, and to build a village of self-contained assisted living apartments. The Company has funded the purchase from existing cash reserves.

27 Financial commitments

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

	2023 Land & Buildings £000	2022 Land & Buildings £000
Within one year	**1,805**	1,801
Within 2 to 5 years	**6,563**	6,198
After 5 years	**42,190**	42,231

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 2022 £'000	Cash flows £'000	At 31 March 2023 £'000
Cash and cash equivalents			
Cash	21,810	(2,476)	19,334
Overdrafts	-	-	-
	21,810	2,476	19,334
Borrowings			
Debt due within one year	(2,138)	-	(2,138)
Debt due after one year	(7,673)	2,139	(5,534)
	(9,811)	2,139	(7,672)
Total	11,999	(337)	11,662

CARE SOUTH

England & Wales - Charity number 1014697

Accounts

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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Care South

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
Resources from generated funds:		
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
Total Income	**46,739**	47,752
Expenditure on charitable activities	**(41,161)**	(40,163)
Net income before other recognised gains and losses	**5,578**	7,589
Unrecognised (losses)/gains	**(146)**	816
Net movement in funds	**5,432**	8,405
Total funds brought forward as at 1 April	**56,688**	48,283
Total funds carried forward	**62,120**	56,688
Represented by:		
Restricted Funds	**299**	335
Unrestricted Funds	**61,821**	56,353
	62,120	56,688

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 enrols 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
	Total	**13,917,002**	**14,221,872**
Associated Greenhouse Gases Tonnes CO2e	Electricity	691	727
	Gas	1,816	1,871
	Transport	299	261
	Total	**2,806**	**2,858**
Intensity Ratio 1 - Tonnes CO2e per FTE Staff member	Electricity	0.68	0.66
	Gas	1.80	1.71
	Transport	0.30	0.24
	Total	**2.78**	**2.61**
Intensity Ratio 2 - Tonnes CO2e per Million £ Income	Electricity	14.79	15.22
	Gas	38.86	39.18
	Transport	6.40	5.46
	Total	**60.04**	**59.85**

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 CO2 has been made using the UK Government GHC conversion factors for company reporting. Energy usage for transport has been derived from mileage data taken from employee expense claims and from MOT mileage data for company owned vans and minibuses. Conversion of mileage into kWh and CO2 equivalents has followed the same government reporting guidelines, 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

[redacted]

Mrs Jane Stichbury 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 www.cqc.org.uk 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

[redacted]

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. 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.

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

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
Fixed assets			
Intangible assets	12	**243**	225
Tangible assets	13	**41,680**	41,050
Investments	14	**9,433**	6,504
Total fixed assets		**51,356**	47,779
Current assets			
Debtors	15	**3,508**	3,443
Cash at bank and in hand		**21,810**	21,433
Total current assets		**25,318**	24,876
Creditors: amounts falling due within one year	16	**(11,234)**	(10,402)
Net current assets		**14,084**	14,474
Total assets less current liabilities		**65,440**	62,253
Creditors: amounts falling due after more than one year	17	**(8,349)**	(10,688)
Total net assets		**57,091**	51,565
The funds of the charity			
Restricted income funds	19	**299**	335
Unrestricted income funds			
Designated funds	20	**34,906**	32,050
General funds	20	**21,886**	19,180
Total unrestricted income funds		**56,792**	51,230
Total charity funds		**57,091**	51,565

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:

[redacted]

Jane Stichbury DL
Chairman

[redacted]

Christopher Kean
Vice Chairman

Statement of Cash Flow for the year ended 31 March 2022

	Note	2022 £000	2021 £000
Net cash provided by operating activities	24	**8,072**	8,944
Cash flow from investing activities			
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
Net cash used in investing activities		**(5,215)**	(273)
Cash flow from financing activities			
Loan interest paid		**(289)**	(458)
Receipt of bank loan		**-**	-
Loan capital repaid		**(2,191)**	(2,121)
Net cash used in financing activities		**(2,480)**	(2,579)
Net change in cash and cash equivalents		**377**	6,092
Cash and cash equivalents at the beginning of the year		**21,433**	15,341
Cash and cash equivalents at the end of the year		**21,810**	21,433

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
Resources from generated funds:		
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
Total Income	**46,739**	47,752
Expenditure on charitable activities	**(41,161)**	(40,163)
Net income before other recognised gains and losses	**5,578**	7,589
Unrecognised (losses)/gains	**(146)**	816
Net movement in funds	**5,432**	8,405
Total funds brought forward as at 1 April	**56,688**	48,283
Total funds carried forward	**62,120**	56,688
Represented by:		
Restricted Funds	**299**	335
Unrestricted Funds	**61,821**	56,353
	62,120	56,688

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
	44,856	**16**	**44,872**	37,316	16	37,332

6 Other income

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

7 Expenditure on 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	**31,837**	**36**	**31,873**	32,629	24	32,653
Domiciliary care	**3,936**	**-**	**3,936**	3,645	-	3,645
Support costs	**4,351**	**-**	**4,351**	4,055	-	4,055
Other costs	**618**	**-**	**618**	544	-	544
Interest payable on bank loans	**469**	**-**	**469**	556	-	556
Gains on derivative financial instruments	**(180)**	**-**	**(180)**	(98)	-	(98)
	41,031	**36**	**41,067**	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
Total compensation	**906**	846

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
	7	7

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
By activity		
Management, administration, finance and training	**145**	138
Supervisors	**138**	106
Care, catering and domestic staff	**728**	662
	1,011	906

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

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
Net income is stated after charging:		
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
Cost			
At 1 April 2021	421	162	583
Additions	5	112	117
Transfers	274	(274)	-
Disposals	(4)	-	(4)
At 31 March 2022	**696**	**-**	**696**
Accumulated amortisation			
At 1 April 2021	358	-	358
Charge for the year	99	-	99
Disposals	(4)	-	(4)
At 31 March 2022	**453**	**-**	**453**
Net book value			
At 31 March 2022	**243**	**-**	**243**
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
Cost					
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)
At 31 March 2022	40,372	4,987	299	8,679	54,337
Accumulated Depreciation					
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)
At 31 March 2022	5,826	-	292	6,539	12,657
Net book value					
At 31 March 2022	**34,546**	**4,987**	**7**	**2,140**	**41,680**
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
	9,433	6,504

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

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
	11,234	10,402

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)
Deferred income at 31 March 2022	369

17 Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Bank loans	**7,673**	9,809
Accruals	**528**	540
Deferred income	**65**	77
Derivative financial instruments	**83**	262
	8,349	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

	2022 £000	2021 £000
In one year or less	**2,138**	2,194
In more than one year, but not more than two years	**2,138**	2,138
In more than two years, but not more than five years	**5,016**	6,094
In more than five years	**519**	1,577
	9,811	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
Financial assets	**9,470**	6,440
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
Financial liabilities	**18,607**	20,233

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)
At 31 March 2022	**222**	**77**	**299**

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	General Funds	Total
	£000	£000	£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)**
At 31 March 2022	**34,906**	**21,886**	**56,792**

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)**
Total Net Assets	**34,906**	**299**	**21,886**	**57,091**

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)
Net cash provided by operating activities	**8,072**	8,944

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
Cash and cash equivalents			
Cash	21,433	377	21,810
Overdrafts	-	-	-
	21,433	377	21,810
Borrowings			
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)
Total	9,430	2,569	11,999

CARE SOUTH

England & Wales - Charity number 1014697

Accounts

Care South
(Company limited by guarantee)

Annual Report and Financial Statements

for the year ended 31 March 2021

Company Number: 02565033

Charity Number: 1014697

Care South

Annual report
for the year ended 31 March 2021

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Care South

Legal and administrative information

Directors

Mrs Felicity Irwin DL +*# ^$
Chairman (Retired 22 July 2020)

Mrs Jane Stichbury CBE QPM DL +*# ^$
Chairman (from 22 July 2020)

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 2021

The Directors, who are also the Charity's trustees under Charities Law, are pleased to present their report and audited consolidated financial statements for Care South for the year ended 31 March 2021. The Directors' report includes all the information that is required to be included in a trustees' annual report required by the Charities SORP (FRS102).

Principal activities and future developments

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

The Group includes the subsidiary companies Beauchamp House Nursing Home Limited and Two Rivers Investments Limited.

Beauchamp House Nursing Home Limited operated a nursing home and close care accommodation in Somerset. It traded as a subsidiary and gift aided its profits to Care South. The subsidiary has traded profitably during the year.

Two Rivers Investments Limited operated a nursing home and a residential care home, both in North Devon. It traded as a subsidiary and gift aided its profits to Care South. The subsidiary has traded profitably during the year.

On 31 March 2021, Care South purchased the assets and trade of both subsidiary companies, with all trade relating to the nursing homes, residential care home and close care accommodation being transacted within the parent company from 1 April 2021. This streamlines and simplifies the operations of the Group.

The consolidated financial statements for 2020-21 represent the results of the Group for the 12 months to 31 March 2021. The principal source of income for the Group is the fees it charges for care services. The beneficiaries of the work of the Group are individuals who are in need of residential or nursing care, rehabilitation, or services from care at home. The Group has contractual arrangements with individuals, local authorities and clinical commissioning groups (CCGs).

The Group 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 Group.

The Group 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.

Directors' report
for the year ended 31 March 2021 (continued)

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. No further funds were added into the portfolio during the 2020-21 financial year. Post year-end, a further £3,000,000 has been invested in the portfolio.

Policy on reserves

The Board considers annually the appropriate level of reserves to be held considering the requirements of the Group, in conjunction with the guidance issued by the Charity Commission. In determining a Reserves Policy, the Board have 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.

- The establishment of sufficient reserves to ensure that the Group 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 Group, 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 2021, this represents a reserves target of between £47.8m and £54.4m, while the actual level of unrestricted reserves held is £56.4m.

Following the strong operating performance seen during 2020-21, the current level of reserves are therefore 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 refurbishment and development projects that have been delayed or postponed due to the Covid-19 pandemic are 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.

Directors' report
for the year ended 31 March 2021 (continued)

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 Group which includes visiting the homes and home care offices.

Mrs Tiggy Ansell, Mr Richard Day and Mr Richard Dyson are due to retire by rotation at the forthcoming Annual General Meeting. They are eligible to stand for re-election for a further three years.

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

Directors' Indemnity Insurance, provided by a third party, is in place to protect the Directors and Officers in respect of negligence, default, breach of duty, or breach of trust of which they may be guilty in relation to their roles as Directors. The cost of the insurance for the year was £2,400 (2020: £2,325).

Decision making in the Group

The Directors delegate day to day running of the Group to the Executive Team. Each member of the Executive Team attends and submits a written report at the Board Meetings. The Board approves annual operating budgets, staff budgets and capital expenditure budgets, and reports are submitted to Board members updating progress against the budgets at each of their meetings.

Employees

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

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 Group are regularly reviewed and discussed. Staff consultation is the normal way of developing and achieving the Group'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 Group, thus increasing effectiveness, job satisfaction and engagement.

Directors' report
for the year ended 31 March 2021 (continued)

Employee benefits

The Company enrols 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 Group has in place a risk management programme that seeks to limit the adverse effects of debt service costs on the financial performance of the Group 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 Group on each occasion that it enters into a loan agreement.

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

Financial risk management – credit risk

The Group 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 Group 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 Group 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 Group.

Financial risk management – liquidity and cash flow risk

It is Group 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 Group has two trading subsidiaries, Beauchamp House Nursing Home Limited and Two Rivers Investments Limited, and three dormant subsidiaries, which have not traded during the financial year. On 31 March 2021, the assets and trade of the two trading subsidiaries were purchased by Care South. All trading activity from 1 April 2021 is now conducted within the Care South entity. Post year-end the three dormant subsidiaries have been struck off.

Directors' report
for the year ended 31 March 2021 (continued)

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. Profits from its subsidiaries – Beauchamp House Nursing Home Limited and Two Rivers Investments Limited – are gift aided to Care South.

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

Carbon Energy Reporting

The table below outlines the energy use by the Group during the 2020-21 financial year.

Carbon Energy Reporting 2020-21		Units 2020-21	Units 2019-20
UK Energy Use (KWh)	Electricity	3,116,521	3,232,547
	Gas	10,620,845	10,514,974
	Transport	928,338	1,098,593
	Total	**14,665,705**	**14,846,114**
Associated Greenhouse Gases Tonnes CO2e	Electricity	727	754
	Gas	1,953	1,933
	Transport	254	301
	Total	**2,934**	**2,988**
Intensity Ratio 1 - Tonnes CO2e per FTE Staff member	Electricity	0.64	0.67
	Gas	1.73	1.73
	Transport	0.23	0.27
	Total	**2.60**	**2.67**
Intensity Ratio 2 - Tonnes CO2e per Million £ Income	Electricity	15.22	16.47
	Gas	40.90	42.26
	Transport	5.33	6.58
	Total	**61.44**	**65.31**

Energy Efficiency Measures Undertaken During the Year

During 2020-21, the Group saw a reduction in energy usage from electricity and transport, along with a small increase in the use of gas. The increase in the use of gas was due to the conversion of the last heating oil boilers within the Group to run on gas during 2019-20. Therefore while gas consumption increased slightly during the year, this was more than offset by the reduced use of heating oil, which is not captured within this data. All energy intensity ratios demonstrated improvement during the year, with the exception of gas usage per FTE staff member, which remained the same, due to the switch from heating oil outlined above.

The majority of energy usage in relation to transport comes from our care at home staff travelling between clients to deliver care in peoples home. This activity continued as normal during the year, however a reduction in other staff travel and in transport of care home residents out on activities saw some notable reduction, due to the Covid-19 restrictions in place during the year.

Directors' report
for the year ended 31 March 2021 (continued)

Due to Covid-19 restrictions within our care homes, planned work to replace old, inefficient boilers and upgrade lighting systems with LED in 2020-21 was not possible. However the installation of modern heating controls at Castle Dene and Dorset House was completed, which should have long term benefits for energy efficiency.

Budgetary provision has been made in 2021-22 for LED lighting upgrades in three of our care homes and replacement boilers at Kenwith Castle. The boilers at Kenwith Castle will be replaced with A rated condensing boilers which have modulating gas premix burners that automatically adapt to the current heat demand, enabling the heating system to work extremely efficiently even under partial load.

Methodologies Used in Calculating these Disclosures

Usage of electricity and gas has been provided by our energy broker from meter data. The energy usage for electricity and gas for 2019-20 has been updated from the figures reported last year to correct some small identified anomalies.

Conversion from kWh to CO2 has been made using the UK Government GHC conversion factors for company reporting. Energy usage for transport has been derived from mileage data taken from employee expense claims and from MOT mileage data for company owned vans and minibuses. Conversion of mileage into kWh and CO2 equivalents has followed the same government reporting guidelines.

Covid-19

Our 2020-21 financial year commenced shortly after the start of the first national lockdown. As a provider of residential care and care at home care services to extremely vulnerable groups of people, Care South has been at the forefront of the need to support our residents, clients and staff, safely, responsibly and compassionately through the pandemic. We have been determined from the outset to take all necessary actions to ensure the safety and wellbeing of our residents, our home care clients and our staff. Throughout the year, Care South has closely monitored and implemented government guidance in relation to infection control measures, staff, resident and visitor testing and vaccination programmes.

During the pandemic, our primary focus has been in keeping all of our residents and clients safe, well-fed and entertained, and our staff well-equipped and protected so that they can continue to observe the very highest standards of care, cleanliness and infection control throughout our care homes and offices. Very sadly, a number of our residents passed away in this period, some having tested positive for Covid-19.

The greatest financial impact from the pandemic has been the reduction in occupancy levels, where for significant periods during the year, enquiry and new admission rates were very low, following negative publicity for the sector within the national press. Fortunately the Group has been able to mitigate much of the impact with some significant underlying improvements in the efficiency of our staff costs. Agency staff usage was reduced by over 60% during the year, while the benefits from the move to an electronic time and attendance system realised further significant efficiencies.

While the pandemic itself placed some major upwards pressure on staff costs, central government distributed infection control and rapid testing grants to all CQC registered homes across the care sector, which were invaluable to help fund additional costs. The Group deployed 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. The Group also made some limited use of

Directors' report
for the year ended 31 March 2021 (continued)

the Coronavirus job retention scheme, to fund the pay of staff who could not work due to shielding requirements.

Post year-end, we have continued to work hard to restore confidence and promote our services We have subsequently seen enquiry levels return to much more healthy levels. Occupancy levels have been increasing once again and we have seen continued growth in care at home.

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

In June 2020 the Charity Commission issued a regulatory alert to large charities with a more complex governance and management structure. Subsequently, Care South was randomly selected by the Charity Commission to carry out a review of its operations, structure and overall governance, its policies and procedures and the impact of Covid-19. The review process was comprehensive and the Charity Commission subsequently confirmed that it had been assured by Care South's responses and overall governance and management.

Going Concern

Given the past, current and forecast performance of the Group, the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. While the Covid-19 pandemic has had a 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 Group continues to generate both strong positive cash-flow and profit levels and has done so throughout the period of the pandemic.

Post year-end, the Group has continued to trade profitably and has been seeing increases in occupancy levels, along with continued growth within care at home. Our forecasts and predictions of the Groups 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 the Group and of the incoming resources and application of resources, including the income and expenditure, of the Group 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;

Directors' report
for the year ended 31 March 2021 (continued)

- 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 the Group, 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to auditors

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

- So far as the Director is aware, there is no relevant audit information of which the Charitable Company's auditors are unaware; and

- They have taken all steps that they ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Independent auditors

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

By order of the Board

[redacted]

Mrs Jane Stichbury DL
Chairman
29 September 2021

Strategic report for the year ended 31 March 2021

The Directors present their strategic report for the year ended 31 March 2021.

Financial overview and future developments

Group incoming resources increased by 4.4%, compared with the previous year, to £47.8m (2020: £45.75m). Income from charitable activities declined by £0.1m (0.4%) overall, reflecting lower occupancy levels within residential care and billed hours in care at home, following the impact from the Covid-19 pandemic. This was partially offset by increases in average fee rates. Income from other trading activities declined by £0.1m, reflecting some reduction in occupancy within the homes operated in the Groups subsidiaries.

Other income increased by £2.2m, the majority of this representing infection control and rapid testing grant income received via local authorities from central government. 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 has been performed in line with government guidance. A donation of £250,000 has been left to Sussexdown by the Estate of Wing Commander Neville W. G. Baker, Deceased and this has been added to restricted funds. This is being used for a number of specified purposes that will benefit the current and future residents of the home and for which Care South is most grateful.

The Group total expenditure decreased by 2.2%, reflecting the lower occupancy level within residential care and a reduction in the usage of agency staff. The Group reported a net income before other recognised gains and losses of £7.6m (2020: £4.7m).

After other recognised gains and losses the Group reported a Net Movement in Funds of £8.4m (2020: £4.3m). The surplus for the year has been added to reserves. Group reserves have increased to £56.7m (2020: £48.3m). 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 slightly in excess of the range outlined within the Groups Reserves Policy, but is expected to fall back in line when the planned investments are taken forward. The Group Balance sheet remains strong, with £21.4m held in cash reserves.

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 Group.

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.

Strategic report
for the year ended 31 March 2021 (continued)

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 2020-21

With the onset of the Covid-19 pandemic, the absolute 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 extra-ordinary 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 2020-21 and our assessment of the achievement and success against each of these objectives.

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 www.cqc.org.uk The Covid-19 pandemic impacted the performance of both internal audits and CQC inspections during the year.
To attract, train, develop and retain engaged staff to deliver quality care services.	The Group continues to invest in training and development of staff, although the delivery and prioritisation of training was 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.
To expand and develop a range of services to meet the needs primarily of older people, but not excluding other age ranges.	The Group has targeted the expansion and development of the care at home offer and delivered significant rates of growth during the year, in spite of the restrictions and measures necessary to manage the impacts from the Covid-19 pandemic. The Group remains committed to further growth in care at home and in April 2021 acquired new premises in Poundbury, from which a West Dorset office was launched in June 2021.
To enhance the property portfolio of the Charity to provide security for the future.	Expansion and new development took something of a back seat during the year, with the key priority of the Group being to maintain the safety and wellbeing of our existing residents,

	clients and staff. Nevertheless, plans for the development of a site in Poole acquired in September 2019 were taken forward, with detailed plans for planning consent submitted to the local authority. As the worst impacts of the pandemic have passed, the Group have been actively evaluating a number of new site opportunities for further development.
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 Group worked closely and flexibly with local authority commissioners during the year to support hospital discharge requirements at various pressure points throughout the year, as the Covid-19 pandemic took hold. This included entering into a number of temporary block book bed arrangements within residential care and increased block work within care at home to support clients being discharged from hospital back into their own homes.
To remain financially viable and hold reserves in line with our reserves policy.	During the year, Group reserves increased by £8.4m, reflecting a strong operating performance from the business. Group unrestricted reserves of £56.4m are slightly in excess the range targeted by the reserves policy, but are expected to return to a level within the targeted range, once projects delayed by the Covid-19 pandemic are taken forward.
To continue the on-going programme of investment in the existing homes.	The Group 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. The Covid-19 pandemic led to significant periods during the year, when contractor visits to our homes were limited to essential works only. However the Group has acted quickly to instigate non-essential improvement works once restrictions were lifted, with appropriate risk assessments in place.

Our objectives for 2021/2022 remain unchanged.

Review of business and developments during the year

The Consolidated Statement of Financial Activities for the year is set out on page 21. A review of financial performance during the year and the closing financial position is included in the Financial overview and future developments section above.

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

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

Care South operates 16 residential care homes, some of which have dedicated dementia units; 3 currently providing nursing care. No home openings or closures took place during the year.

The Group also owns the 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 2021 (continued)

The Group 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. Two Rivers Investments Limited leases Fremington Manor near Barnstaple from a private company. The Group also leases premises in Crewkerne for organising the delivery of home care.

Four homes are leased from BCP Council. The Group 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 Group also owns the freehold interest of a site in Poole. Plans for the redevelopment of the site are well underway, with a planning application submitted, and it is anticipated that a new care home will be developed and be ready to welcome its first residents during the 2022-23 financial year.

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 constrained by the restrictions required in response to the Covid-19 pandemic, with e-learning and remote learning being the focus for mandatory training.

Subsidiary company activities and performance

Beauchamp House Nursing Home Limited continued to operate a nursing home and close care accommodation throughout 2020-21. For the year to 31 March 2021 it reported a pre tax profit of £0.5m (2020: £0.1m).

Two Rivers Investments Limited continued to operate a nursing home, a residential care home and provided services to the residents of close care accommodation throughout 2020-21. For the year to 31 March 2021 it reported a pre tax profit of £1.3m (2020: £1.0m).

On 31 March 2021, the assets and trade of both subsidiaries was purchased by Care South. The purchase price was equal to the net assets of each subsidiary company as at the purchase date. All trade within the services previously operated by the subsidiary companies has been transacted within Care South from 1 April 2021.

The subsidiary companies are therefore no longer trading. By simplifying the trading structure, administrative efficiencies will be realised within the Group.

Strategic report
for the year ended 31 March 2021 (continued)

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.
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.
Recruitment difficulties – reflective of the sector challenge of high turnover, small pool of candidates, saturation of adverts, potentially impacting on 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, competitive packages offered to staff.
Defects with new property developments and refurbishments, due to inadequate supervision and scrutiny during build contracts and architectural design defects, leading to additional costs and impact on occupancy / income where additional works are needed.	Specialist project and development teams focussed on care and the needs of the client, close monitoring of projects, tight contractual arrangements, building surveyor scrutiny of design work.

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 Group (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 Group 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 Group is operating efficiently and effectively;
- its assets are safeguarded against unauthorised use or disposal;

Strategic report
for the year ended 31 March 2021 (continued)

- proper records are maintained and financial information used within the Group, or for publication, is reliable; and
- the Group 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 Group, 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 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.

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 bases 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 Group 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 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

Strategic report
for the year ended 31 March 2021 (continued)

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 6 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. 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

[redacted]

Mrs Jane Stichbury DL
Chairman
29 September 2021

Independent Auditor's Report to the Members of Care South

Opinion

We have audited the financial statements of Care South (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the Consolidated Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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 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 group and the parent 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 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.
- 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. 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: 08/10/2021

Consolidated statement of financial activities (including income and expenditure account) for the year ended 31 March 2021

	Note	Unrestricted funds 2021	Restricted funds 2021	**Total 2021**	Unrestricted funds 2020	Restricted funds 2020	Total 2020
		£000	£000	**£000**	£000	£000	£000
Income from:							
Donations and legacies		-	250	**250**	-	-	-
Charitable activities	5	37,316	16	**37,332**	37,461	17	37,478
Other trading activities		7,727	-	**7,727**	7,862	-	7,862
Investment income		109	-	**109**	184	-	184
Other income	6	2,334	-	**2,334**	226	-	226
Total income		47,486	266	**47,752**	45,733	17	45,750
Expenditure							
Expenditure on charitable activities	7	33,754	24	**33,778**	34,372	17	34,389
Expenditure on other trading activities		6,385	-	**6,385**	6,703	-	6,703
Other expenditure		-	-	**-**	-	-	-
Total expenditure		40,139	24	**40,163**	41,075	17	41,092
Net income	10	7,347	242	**7,589**	4,658	-	4,658
Transfers		16	(16)	-	17	(17)	-
Gains/(losses) on investments		816	-	816	(315)	-	(315)
Net movements in funds		8,179	226	**8,405**	4,360	(17)	4,343
Fund balances brought forward at 1 April		48,174	109	**48,283**	43,814	126	43,940
Fund balances at 31 March		56,353	335	**56,688**	48,174	109	48,283

The Group 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 Sheets as at 31 March 2021

Company No 02565033	Note	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Fixed assets					
Intangible assets	13	**63**	**63**	95	95
Tangible assets	14	**46,335**	**41,212**	47,021	34,940
Investments	15	**3,633**	**6,504**	2,767	13,309
Total fixed assets		**50,031**	**47,779**	49,883	48,344
Current assets					
Debtors	16	**3,443**	**3,443**	3,761	7,102
Cash at bank and in hand		**21,433**	**21,433**	15,636	15,341
Total current assets		**24,876**	**24,876**	19,397	22,443
Creditors: amounts falling due within one year	17	**(7,531)**	**(10,402)**	(7,998)	(8,532)
Net current assets		**17,345**	**14,474**	11,399	13,911
Total assets less current liabilities		**67,376**	**62,253**	61,282	62,255
Creditors: amounts falling due after more than one year	18	**(10,688)**	**(10,688)**	(12,999)	(12,999)
Total net assets		**56,688**	**51,565**	48,283	49,256
The funds of the charity					
Restricted income funds	20	**335**	**335**	109	109
Unrestricted income funds					
Designated funds	21	**34,302**	**32,050**	37,779	36,240
General funds	21	**22,051**	**19,180**	10,395	12,907
Total unrestricted income funds		**56,353**	**51,230**	48,174	49,147
Total charity funds		**56,688**	**51,565**	48,283	49,256

The financial statements on pages 21 to 44 were approved by the Board of Directors on 29 September 2021 and were signed on its behalf by:

[redacted]

Jane Stichbury DL
Chairman

[redacted]

Christopher Kean
Vice Chairman

Consolidated Statement of Cash Flows for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Net cash provided by operating activities	25	**10,073**	6,332
Cash flow from investing activities			
Purchase of tangible fixed assets		**(933)**	(5,474)
Purchase of intangible fixed assets		**(11)**	(70)
Proceeds from the sale of tangible fixed assets		**5**	-
Financial investment		**(867)**	256
Interest received		**109**	184
Net cash used in investing activities		**(1,697)**	(5,104)
Cash flow from financing activities			
Loan interest paid		**(458)**	(681)
Receipt of bank loan		**-**	-
Loan capital repaid		**(2,121)**	(1,932)
Net cash used in financing activities		**(2,579)**	(2,613)
Net change in cash and cash equivalents		**5,797**	(1,385)
Cash and cash equivalents at the beginning of the year		**15,636**	17,021
Cash and cash equivalents at the end of the year		**21,433**	15,636

Notes to the financial statements for the year ended 31 March 2021

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 Group 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 8.

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

Group financial statements

These financial statements consolidate the results of the Company and its wholly owned subsidiaries Beauchamp House Nursing Home Limited and Two Rivers Investments Limited using the acquisition accounting method. The subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Basis of consolidation

The Group's financial statements consolidate the results of Care South ('the Company') and all of its subsidiary undertakings drawn up to 31 March, and are prepared on a going concern basis and a historic cost convention has been applied. There are no material uncertainties in respect of the companies' ability to continue as a going concern. Accounting policies have been applied consistently across the Group. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertakings acquired or disposed of in the period are included in the consolidated statement of financial activities from the date of acquisition or up to the date of disposal.

Acquistion

On 31 March 2021, Care South purchased the assets and trade of its two subsidiary companies, Beauchamp House Nursing Home Limited and Two Rivers Investments Limited. The purchase consideration was equal to the net assets of each subsidiary company. Note 12 to the accounts shows the value of the net assets transferred.

3 Statement of accounting policies – continued

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 exemptions:

- The requirement to prepare a statement of cash flows, under FRS 102, paragraph 1.12 (b), on the basis that it includes the Company's cash flows in the consolidated financial statements
- The requirement of Section 33 Related Party Disclosures paragraph 33.7 to disclose the company's key management personnel compensation in total.
- The requirement to provide certain financial instrument disclosures, under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.
- The requirement to prepare a statement of financial activities, under FRS 102, paragraph 1.12 (b), on the basis that it includes the Company's financial activities in the consolidated financial statements.

Tangible fixed assets

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

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

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

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.

3 Statement of accounting policies - continued

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.

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 Group 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 and commercial trading operations 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.

3 Statement of accounting policies – continued

Stock

Stock represents the costs of construction and the rights to the use of land under leases of unsold close care apartments and cottages, with lease periods of either 99 or 122 years. Stock is stated at net cost less any foreseeable losses.

Operating leases

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

Financial instruments

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

a) *Financial assets*

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

b) *Financial liabilities*

Basic financial liabilities including trade and other payables, 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 group 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.

3 Statement of accounting policies – continued

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 2021 (note 14), 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 25.

Assets under construction:
The Directors are required to identify when expenditure is capital in nature and relates to the creation or improvement of an asset. Judgements are also required to determine when the asset has been completed and therefore brought into use, which will normally be the date at which an asset is brought into operational service. See note 14 for more details

4 Financial activities of the Company

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

	2021 £000	2020 £000
Resources from generated funds:		
Investment income	**109**	184
Donations and legacies	**250**	-
Charitable activities	**37,332**	37,478
Profits donated by subsidiaries	**3,205**	-
Other income	**1,952**	226
Total Income	**42,848**	37,888
Total expenditure on charitable activities	**(33,684)**	(34,295)
Impairment loss on subsidiaries	**(7,671)**	-
Other expenditure	**-**	-
Net income before other recognised gains and losses	**1,493**	3,593
Unrecognised gains/(losses)	**816**	(315)
Net movement in funds	**2,309**	3,278
Total funds brought forward as at 1 April	**49,256**	45,978
Total funds carried forward	**51,565**	49,256
Represented by:		
Restricted Funds	**335**	109
Unrestricted Funds	**51,230**	49,147
	51,565	49,256

5 Income from charitable activities

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total 2021 £000	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total 2020 £000
Residential care services	**33,129**	**16**	**33,145**	32,863	17	32,880
Domiciliary care services	**4,187**	**-**	**4,187**	4,598	-	4,598
	37,316	**16**	**37,332**	37,461	17	37,478

6 Other income

	2021 £000	2020 £000
Infection Control and Rapid Testing grants	**2,102**	-
Coronavirus Job Retention Scheme income	**172**	-
Sundry income and utility costs recharged	**60**	226
	2,334	226

7 Expenditure on charitable activities

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total 2021 £000	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total 2020 £000
Residential care	**25,052**	**24**	**25,076**	25,745	17	25,762
Domiciliary care	**3,645**	**-**	**3,645**	3,815	-	3,815
Support costs	**4,055**	**-**	**4,055**	3,632	-	3,632
Other costs	**544**	**-**	**544**	499	-	499
Interest payable on bank loans	**556**	**-**	**556**	694	-	694
Gains on derivative financial instruments	**(98)**	**-**	**(98)**	(13)	-	(13)
	33,754	**24**	**33,778**	34,372	17	34,389

8 Directors' emoluments and key management compensation

Travel expenses of £12 was paid to one Director of the Company during the year (2020: £3,589 paid to six Directors). No emoluments are payable to the Directors (2020: £nil).

Key management compensation (Group)

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

	2021 £000	2020 £000
Salaries and other short-term benefits	**790**	687
Post-employment benefit	**56**	57
Total compensation	**846**	744

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

	Group 2021 Number	Group 2020 Number
Less than £10,000	**-**	-
£10,001 - £20,000	**-**	1
£30,001 - £40,000	**-**	1
£70,001 - £80.000	**-**	1
£80,001 - £90,000	**2**	1
£90,001 - £100,000	**1**	-
£100,001 - £110,000	**1**	1
£110,001 - £120,000	**1**	1
£130,001 - £140,000	**-**	1
£150,001 - £160,000	**1**	-
£170,001 - £180,000	**-**	1
£200,001 - £210,000	**1**	-
	7	8

9 Employee information

The average number of people employed by the Company in the financial year was 1,099 (2020: 1,110), and by the Group was 1,354 (2020: 1,354). This equates to the following average monthly number of full-time equivalent persons (including senior executives) employed by the Group and Company during the year:

	Group 2021 Number	**Company 2021 Number**	Group 2020 Number	Company 2020 Number
By activity				
Management, administration, finance and training	**189**	**168**	176	158
Supervisors	**137**	**106**	153	121
Care, catering and domestic staff	**802**	**662**	790	651
	1,128	**936**	1,119	930

	Group 2021 £000	**Company 2021 £000**	Group 2020 £000	Company 2020 £000
Staff costs (for the above persons)				
Wages and salaries	**24,149**	**20,193**	22,151	18,591
Social security costs	**1,845**	**1,566**	1,592	1,351
Other pension costs	**633**	**548**	585	506
	26,627	**22,307**	24,328	20,448

Staff numbers have been reported on the basis of full time equivalent hours. In addition, in the group, temporary staff costs of £1,308,000 (2020: £3,542,000) were incurred for holiday cover, sickness, and staff shortages.

10 Net income

	Group 2021 £000	Group 2020 £000
Net income is stated after charging:		
Depreciation for the year:		
- Tangible fixed assets	**1,569**	1,709
- Intangible owned fixed assets	**43**	54
Operating leases - land and buildings	**1,827**	1,817
Loss (profit) on disposal of fixed assets	**-**	-
Fees payable to the Company's auditors for the audit of the Parent Company and Group financial statements	**28**	28
Fees payable to the Company's auditors to audit the Company's subsidiaries pursuant to legislation	**5**	5
Fees payable to the Company's auditors for other services	**1**	8

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.

The trading subsidiaries have gift aided all of the operating profits generated from trading, resulting in no material corporation tax liability arising in the year.

12 Acquisition

On 31 March 2021 the trade and assets of Two Rivers Investments Limited and Beauchamp House Nursing Home Limited were transferred to Care South at their carrying values.

	Assets per completion accounts £'000	Fair value adjustments £'000	Transfer in recognised £'000
Tangible fixed assets			
Freehold land and buildings	6,719	-	6,719
Leasehold land and buildings	8		8
Plant and machinery	232	-	232
Assets under construction	32		32
	6,991	-	6,991
Other assets			
Debtors due in less than one year	358	-	358
Cash in bank and in hand	245	-	245
	603	-	603
Liabilities			
Creditors due in less than one year	(875)	-	(875)
Net assets	**6,719**	-	**6,719**

13 Intangible assets

Group	Software	Goodwill	Total
	£000	£000	£000
Cost			
At 1 April 2020	410	385	795
Additions	11	-	11
Disposals	-	-	-
At 31 March 2021	**421**	**385**	**806**
Accumulated amortisation			
At 1 April 2020	315	385	700
Charge for the year	43	-	43
Disposals	-		-
At 31 March 2021	**358**	**385**	**743**
Net book value			
At 31 March 2021	**63**	-	**63**
At 31 March 2020	95	-	95

Company	Total software
	£000
Cost	
At 1 April 2020	410
Additions	11
Disposals	-
At 31 March 2021	**421**
Accumulated amortisation	
At 1 April 2020	315
Charge for the year	43
Disposals	-
At 31 March 2021	**358**
Net book value	
At 31 March 2021	**63**
At 31 March 2020	95

14 Tangible assets

Group	Land and Buildings £000	Assets Under Con-struction £000	Short Leasehold Improve-ments £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
Cost					
At 1 April 2020	47,618	4,651	313	8,536	61,118
Additions	243	395	-	295	933
Transfers	(6)	(395)	-	401	-
Disposals	-	-	-	(565)	(565)
At 31 March 2021	47,855	4,651	313	8,667	61,486
Accumulated Depreciation					
At 1 April 2020	6,798	-	302	6,997	14,097
Charge for the year	849	-	2	718	1,569
Eliminated on disposal	-	-	-	(515)	(515)
At 31 March 2021	7,647	-	304	7,200	15,151
Net book value					
At 31 March 2021	**40,208**	**4,651**	**9**	**1,467**	**46,335**
At 31 March 2020	40,820	4,651	11	1,539	47,021

Group and Company

Included within Land and Buildings cost are homes freehold land and buildings of £21,673,000 (2020: £21,436,000 restated), buildings where the land is held on a 125 year operating lease of £18,011,000 (2020: £18,011,000 restated) and buildings where land is held on a 150 year operating lease of £6,299,000 (2020: £6,299,000)

The net book value of capitalised finance costs is £74,000 (2020: £76,000) which is included within land and buildings.

14 Tangible assets (continued)

Company	Land and Buildings £000	Assets Under Con-struction £000	Short Leasehold Improve-ments £000	Fixtures, Equipment and Motor Vehicles £000	Total £000
Cost					
At 1 April 2020	33,458	4,638	291	6,839	45,226
Additions	-	382	-	183	565
Transfers from subsidiaries	6,719	32	8	232	6,991
Other transfers	-	(401)	-	401	-
Disposals	-	-	-	(429)	(429)
At 31 March 2021	40,177	4,651	299	7,226	52,353
Accumulated Depreciation					
At 1 April 2020	4,445	-	291	5,550	10,286
Charge for the year	614	-	-	624	1,238
Eliminated on disposals	-	-	-	(383)	(383)
At 31 March 2021	5,059	-	291	5,791	11,141
Net book value					
At 31 March 2021	**35,118**	**4,651**	**8**	**1,435**	**41,212**
At 31 March 2020	29,013	4,638	-	1,289	34,940

15 Investments

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Shares in group undertakings	-	**2,871**	-	10,542
Listed investments	**3,633**	**3,633**	2,767	2,767
	3,633	**6,504**	2,767	13,309

15 Investments (continued)

	Company 2021 £000	Company 2020 £000
Shares in Group undertakings		
As at 1 April 2020	**10,542**	10,202
Impairment	**(7,671)**	-
Beauchamp House share purchase	-	340
As at 31 March 2021	**2,871**	10,542

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.

The principal activities of Beauchamp House Nursing Home Limited (Company number 01124433) and Two Rivers Investments Limited (Company number 05139871) during the year were that of providing nursing homes for the elderly. A summary of the 12 months trading and closing balance sheets for both entities follows.

On 31 March the activities, trade, assets and liabilities of Beauchamp House Nursing Home Limited and Two Rivers Investments Limited were transferred to Care South. Following the sale, the companies ceased to trade.

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

Care South Developments Limited (Company number 5245934)
The Dorset Trust Limited (Company number 5115530)
Strome Park Limited (Company number 07561438)

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

Beauchamp House Nursing Home Limited – Financial Results Summary	**2021**	2020
Profit & Loss Account	**£000**	£000
Turnover	**2,694**	2,784
Other operating income	**128**	-
Cost of sales, administrative expenses and interest costs	**(2,352)**	(2,650)
Profit on Ordinary Activities Before Taxation	**470**	134

	2021	2020
Balance Sheet	**£000**	£000
Assets	**406**	4,850
Liabilities	**-**	(4,150)
Total Net Assets	**406**	700

15 Investments (continued)

Two Rivers Investments Limited – Financial Results Summary	2021	2020
Profit & Loss Account	**£000**	£000
Turnover	**5,033**	5,078
Other operating income	**253**	
Cost of sales, administrative expenses and interest costs	**(4,032)**	(4,054)
Profit on Ordinary Activities Before Taxation	**1,254**	1,024

	2021	2020
Balance Sheet	**£000**	£000
Assets	**2,465**	4,221
Liabilities	**-**	(569)
Total Net Assets	**2,465**	3,652

Other investments	2021	2020
	£000	£000
Listed Investments	**3,633**	2,767

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 2021.

16 Debtors

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Amounts falling due within one year:				
Trade debtors	**1,774**	**1,774**	2,260	2,079
Amounts owed by subsidiary undertakings	**-**	**-**	-	3,691
Other debtors	**51**	**51**	15	14
Prepayments and accrued income	**1,618**	**1,618**	1,486	1,318
	3,443	**3,443**	3,761	7,102

Amounts owed by subsidiary undertakings are unsecured, interest free and are repayable on demand. Trade debtors are stated after provision for impairment of £287,000 (2020: £322,000).

17 Creditors: amounts falling due within one year

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Bank loans	**2,194**	**2,194**	2,129	2,129
Trade creditors	**2,178**	**2,178**	2,595	2,383
Amounts owed to subsidiary undertakings	**-**	**2,871**	-	1,562
Other creditors	**510**	**510**	639	258
Taxation and social security	**404**	**404**	332	285
Accruals and deferred income	**2,245**	**2,245**	2,303	1,915
	7,531	**10,402**	7,998	8,532

	Group 2021 £000	Company 2021 £000
Deferred income at 1 April 2020	**320**	257
Resources deferred in year	**215**	170
Amounts released from previous periods	**(300)**	(237)
Deferred income at 31 March 2021	**235**	190

18 Creditors: amounts falling due after more than one year

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Bank loans	**9,809**	**9,809**	11,995	11,995
Accruals	**540**	**540**	551	551
Deferred income	**77**	**77**	93	93
Derivative financial instruments	**262**	**262**	360	360
	10,688	**10,688**	12,999	12,999

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 £6,559,000 (2020: £7,711,000 restated). Loans with variable interest of base plus 2.25% total £2,850,000 (2020: £3,420,000). Loans with variable interest of base plus 2% total £2,594,000 (2020: £2,993,000). Each loan is secured on the property it was raised against.

18 Creditors: amounts falling due after more than one year (continued)

Maturity of bank loans	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
In one year or less	**2,194**	**2,194**	2,129	2,129
In more than one year, but not more than two years	**2,138**	**2,138**	2,129	2,129
In more than two years, but not more than five years	**6,094**	**6,094**	6,388	6,388
In more than five years	**1,577**	**1,577**	3,478	3,478
	12,003	**12,003**	14,124	14,124

19 Financial Instruments

	Group 2021 £000	Company 2021 £000	Group 2020 £000	Company 2020 £000
Financial assets measured at amortised cost				
- Trade debtors	**1,774**	**1,774**	2,260	2,079
- Amounts owed by subsidiary undertakings	-	-	-	3,691
- Accrued income	**982**	**982**	857	781
- Other debtors	**51**	**51**	15	14
Financial assets at fair value through income and expenditure				
- Listed investments	**3,633**	**3,633**	2,767	2,767
Financial assets	**6,440**	**6,440**	5,899	9,332
Financial liabilities measured at amortised cost				
- Trade creditors	**2,178**	**2,178**	2,595	2,383
- Bank loans	**12,003**	**12,003**	14,124	14,124
- Amounts owed to subsidiary undertakings	-	**2,871**	-	-
- Accruals	**2,550**	**2,550**	2,533	2,208
- Other creditors	**509**	**509**	639	258
Financial liabilities measured at fair value through income and expenditure				
- Derivative financial instruments	**262**	**262**	360	360
Financial liabilities	**17,502**	**20,233**	20,251	20,895

Derivative financial instruments

The Group 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 Group'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.

20 Restricted income funds

Group and Company	Sussexdown Legacy	Maiden Castle Build	Total
			£000
At 1 April 2020	-	109	**109**
Income	250	16	266
Transfers	-	(16)	(16)
Expenditure	(8)	(16)	(24)
At 31 March 2021	**242**	**93**	**335**

The balance of restricted funds at the balance sheet date represents a restricted legacy gifted to Sussexdown during the year, 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 £77,000 in long term creditors. The movement in the year relates to depreciation across the life of the lease.

21 Unrestricted income funds

Group	Designated Funds	General Funds	Total
	£000	£000	£000
At 1 April 2020	37,779	10,395	**48,174**
Transfer from restricted funds	-	16	**16**
Transfer	(3,477)	3,477	-
Income	-	47,486	**47,486**
Expenditure	-	(40,139)	**(40,139)**
Unrecognised gains	-	816	**816**
At 31 March 2021	**34,302**	**22,051**	**56,353**

Company	Designated Funds	General Funds	Total
	£000	£000	£000
At 1 April 2020	36,240	12,907	**49,147**
Transfer from restricted funds	-	16	**16**
Transfer	(4,190)	4,190	-
Income	-	39,377	**39,377**
Expenditure	-	(41,331)	**(41,331)**
Profits donated by subsidiaries	-	3,205	**3,205**
Unrecognised gains	-	816	**816**
At 31 March 2021	**32,050**	**19,180**	**51,230**

Designated funds represent the value of tangible and intangible fixed assets. A transfer has been made for both the Group and the Company from general funds so that designated funds equal the value of fixed assets after taking account of external financing. For the case of the company, fixed assets also includes the investments in the subsidiaries. Listed investments are included within general funds.

22 Analysis of net assets between funds

Group

	Designated Funds	Restricted Funds	General Funds	Total 2021
	£000	£000	£000	£000
Fixed assets	46,305	93	3,633	**50,031**
Current assets	-	242	24,634	**24,876**
Current liabilities	(2,194)	-	(5,337)	**(7,531)**
Long term liabilities	(9,809)	-	(879)	**(10,688)**
Total Net Assets	**34,302**	**335**	**22,051**	**56,688**

Company

	Designated Funds	Restricted Funds	General Funds	Total 2021
	£000	£000	£000	£000
Fixed assets	44,053	93	3,633	**47,779**
Current assets	-	242	24,634	**24,876**
Current liabilities	(2,194)	-	(8,208)	**(10,402)**
Long term liabilities	(9,809)	-	(879)	**(10,688)**
Total Net Assets	**32,050**	**335**	**19,180**	**51,565**

23 Pension obligations

Defined Contribution Schemes

The Defined Contribution schemes are stakeholder pension schemes and flexible retirement plans that are independently administered by regulated Financial Services companies. The cost of contributions to the schemes amounted to £25,000 (2020: £24,000) and £608,000 (2020: £561,000) respectively. Contributions of £3,000 (2020: £3,000) and £112,000 (2020: £110,000) were owed to the schemes respectively at the end of the year.

24 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 2021:

	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	174	442	(4,713)	**(406)**
Two Rivers Investments Ltd	272	970	(2,145)	**(2,465)**

Transactions entered into and balances outstanding at 31 March 2020:

	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	145	(1,836)	-	**3,691**
Two Rivers Investments Ltd	224	(2,738)	-	**(1,562)**

During the year the company received gift aid profits from related parties totalling £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 £91,000.

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

	2021 £000	2020 £000
Net income (before other recognised gains and losses)	**7,589**	4,658
Unrealised gains/(losses)	**816**	(315)
Depreciation	**1,569**	1,709
Amortisation	**43**	54
Interest received	**(109)**	(184)
Interest expenses	**458**	681
Loss on disposal of fixed assets	**45**	23
Decrease in stock	**-**	341
Decrease/(increase) in debtors	**318**	(542)
Decrease in creditors	**(656)**	(93)
Net cash provided by operating activities	**10,073**	6,332

26 Capital commitments

The Group has no capital commitments at the balance sheet date (2020 £35,000).

27 Contingent liabilities

The Company had no material contingent liabilities at 31 March 2021 (2020: £nil).

28 Financial commitments

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

	2021 Land & Buildings £000	2020 Land & Buildings £000
Within one year	**1,839**	1,806
Within 2 to 5 years	**6,067**	5,960
After 5 years	**44,544**	44,383

29 Limited liability

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

30 Analysis of changes in net debt

	At 1 April 2020 £'000	Cash flows £'000	At 31 March 2021 £'000
Cash and cash equivalents			
Cash	15,636	5,797	21,433
Overdrafts	-	-	-
	15,636	5,797	21,433
Borrowings			
Debt due within one year	(2,129)	(65)	(2,194)
Debt due after one year	(11,995)	2,186	(9,809)
	(14,124)	2,121	(12,003)
Total	1,512	7,918	9,430