Cornwall Care Services Limited

Annual report

for the year ended 31 December 2017

Company registration number 07607721



Cornwall Care Services Limited

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Strategic report for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is administrative and care work, on behalf of its holding company, Cornwall Care Limited. The payroll costs involved are passed onto Cornwall Care Limited on a cost plus percentage basis.

Review of business

The results for the year are set out in the profit and loss account on page 7 of the accounts. The directors do not consider that a further analysis of Key Performance Indicators is required in order to obtain an understanding of the financial performance and position of the company.

Principal risks and uncertainties

The Directors have reviewed and reassessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems are in place to mitigate exposure to major risks.

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

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

By order of the board

Mr P K Rees
Director
20 September 2018

Directors' report for the year ended 31 December 2017

The directors present their annual report and audited financial statements for the year ended 31 December 2017.

Directors

The following directors held office during the year:

Mr J K Acornley
Mr R J A Black (resigned 27 April 2018)
Mr M J S Beadel
Mr S J T Clague
Mr A S Farnsworth (appointed 19 April 2018)
Dr A E Felton
Mrs G M Lavery
Mrs D A Matthews-Smith (resigned 30 June 2017)
Mr P K Rees
Ms D Wilshire (resigned 31 March 2018)

Company Secretary

Mr S J T Clague

Auditors

PKF Francis Clark
Lowin House
Tregolls Rd
Truro
TR1 2NA

Statement of directors' responsibilities

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

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report for the year ended 31 December 2017 (continued)

Financial risk management

The group's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk and interest rate risk. These risks primarily impact the parent charity Cornwall Care Limited and are described further in the directors' report of the parent charity's financial statements.

Disclosure of information to the auditors

Insofar as the directors are aware:

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

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

By order of the board

Mr P K Rees
Director
20 September 2018

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

Opinion

We have audited the financial statements of Cornwall Care Services Limited (the 'company') for the year ended 31 December 2017, which comprise the Profit and Loss Account, Balance Sheet, Statement of Change in Equity 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 December 2017 and of its 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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

Responsibilities of directors

As explained more fully in the Director's report set out on page 3, 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 Cornwall Care Services Limited

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. 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.

D. Leslie

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

Lowin House
Tregolls Road
Truro
TR1 2NA

Date: 26/9/18

Profit and loss account for the year ended 31 December 2017

	Notes	2017 £'000	2016 £'000
Turnover	1	21,201	21,053
Cost of sales		-	-
Gross profit		21,201	21,053
Administrative expenses	1	(20,293)	(20,154)
Gift Aid		-	(907)
Operating profit	3	908	(8)
Other interest receivable and similar income		-	-
Profit/ (loss) on ordinary activities before taxation		908	(8)
Tax on profit/ (loss) on ordinary activities	5	-	-
Profit/ (loss) on ordinary activities after taxation		908	(8)

Balance Sheet as at 31 December 2017

	Notes	2017 £'000	2016 £'000
Fixed Assets			
Tangible assets	6	1	8
Investment		-	-
Current assets			
Debtors	7	2,530	1,685
Cash at Bank and cash in hand		11	16
		2,541	1,701
Creditors : amounts falling due within one year	8	(1,626)	(1,701)
Net current assets		**915**	-
Net assets		**916**	8
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		916	8
Shareholders' funds		916	8

The financial statements were approved by the board of directors on 20/9/18 and were signed on its behalf by:

Mr P K Rees
Director

Registered No: 07607721

Statement of changes in equity

At 31 December 2017

	Called up share capital £'000	*Profit and loss account £'000*	*Total £'000*
At 1 January 2016	-	16	16
Loss for the financial year		(8)	(8)
At 31 December 2016		8	8
Profit for the financial year		908	908
At 31 December 2017		916	916

Notes to the financial statements for the year ended 31 December 2017

1. Accounting policies

Cornwall Care Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is Cornwall Care House, Truro Business Park, Truro, TR4 9NY.

Basis of accounting and basis statement of compliance
The company's financial statements have been prepared in accordance with FRS102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Cornwall Care Services Limited has taken advantage of the exemption not to prepare a cash flow statement as consolidated financial statements for the parent charity have been prepared and the parent charity has not objected to the exemption being taken.

Turnover
Turnover represents the value of care services, excluding value added tax, provided to the parent company during the year. Revenue is recognised when the service is provided.

Administrative Expenses
Administrative expenses include the payroll costs incurred in the provision of care services on a cost plus percentage basis.

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

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

- Computer equipment 4 years

Tax
Tax expense represents the sum of the current tax currently payable and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

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

- Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded

Notes to the financial statements for the year ended 31 December 2017 (continued)

1. Accounting policies (continued)

at transaction price. Any losses arising from impairment are recognised in the profit and loss account before operating profit.

Critical accounting judgements and key sources of estimation uncertainty

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

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

- *Useful lives of fixed assets – computer equipment.*

2. Interest payable and similar charges

	2017	2016
	£'000	£'000
Interest payable to group companies	-	-
	-	-

3. Operating (loss)/profit

	2017	2016
	£'000	£'000
Operating profit is stated after charging:		
Auditors remuneration	1	1
Gift Aid charge	-	907

Notes to the financial statements for the year ended 31 December 2017 (continued)

4. Staff numbers and costs

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

	2017	2016
	No.	No.
Care Services	1,276	1,226
Management and administration	31	53
	1,307	1,279

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£'000	£'000
Wages and salaries	17,844	17,697
Social security costs	1,164	1,061
Other pension costs	233	220
	19,241	18,978

In addition to the above, payroll costs of £587k (2016 : £687k) were recharged by Cornwall Care Limited to the company during the year.

Directors remuneration:

	2017	2016
	£'000	£'000
Emoluments	349	272
Other pension costs	39	22
	388	294

In addition, payroll costs of £nil (2016 £nil) were recharged by Cornwall Care Limited in respect of directors of Cornwall Care Services Limited.

Notes to the financial statements for the year ended 31 December 2017
(continued)

5. Tax on (loss)/profit on ordinary activities

	2017 £'000	2016 £'000
Current tax		
United Kingdom Corporation Tax for the period	-	-
Adjustments in respect of prior periods	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Adjustments in respect of previous periods	-	-
Tax (credit)/charge on (loss) / profit on ordinary activities	-	-

The tax for the year is explained below:

	2017 £'000	2016 £'000
Profit/ (Loss) on ordinary activities before tax	908	(7)
Profit/ (Loss) on ordinary activities at 19% (2016: 20%)	173	(1)
Effects of:		
Depreciation in excess of capital allowances	1	1
Group relief	(13)	-
Future Gift Aid payment to parent charity	(161)	-
Total current tax (credit)/charge	-	-

Notes to the financial statements for the year ended 31 December 2017
(continued)

6. Fixed Assets

a. Tangible assets

	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation		
At 1 January 2017	29	29
Additions	1	1
At 31 December 2017	**30**	**30**
Depreciation		
At 1 January 2017	21	21
Charge for year	8	8
At 31 December 2017	**29**	**29**
Net book value		
At 31 December 2017	**1**	**1**
At 31 December 2016	8	8

b. Investment

Cost:	2017 £	2016 £
At 1 January and 31 December	1	1

The company owns the whole of the issued share capital of the following company:

	Principal activity
Cornwall Care Property Limited	Property Developer

The registered office of Cornwall Care Property Limited is Cornwall Care House, Truro Business Park, Truro, TR4 9NY.

Notes to the financial statements for the year ended 31 December 2017
(continued)

7. Debtors

	2017 £'000	2016 £'000
Amounts owed by group undertakings	2,513	1,679
Other	-	1
Prepayments	17	5
	2,530	1,685

8. Creditors : amounts falling due within one year

	2017 £'000	2016 £'000
Trade creditors	17	5
Other creditors	1,592	1,686
Accruals	17	10
	1,626	1,701

9. Share capital

	2017 £	2016 £
Authorised		
1 Ordinary share of £1 each	1	1
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

Notes to the financial statements for the year ended 31 December 2017
(continued)

10. Related party transactions

The only key management personnel are the directors. The aggregate compensation paid to them is the amount shown in note 4 as Directors Remuneration.

11. Control

The ultimate controlling party is the board of directors of the parent undertaking. The results of Cornwall Care Services Limited are included in the consolidated financial statements of the parent Charity. A copy of the financial statements for the parent charity, Cornwall Care Limited, can be obtained from its registered office, Cornwall Care House, Truro Business Park,. Truro, TR4 9NY.

12. Contingent liability

The company has guaranteed the bank borrowings of its holding company. At the year end the value of the liability of those guarantees totalled £10.60 m (2016 : £10.60 m).