

Somerset Care Limited
Annual Report and Consolidated Financial Statements
Year Ended 31 March 2020

Registration number: 02548025

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Somerset Care Limited

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Somerset Care Limited

Company Information

Directors	A J Dupont MBE DL R P Ring BA FCA G S Ridewood BSc ACA E J Robb E V Glynn
Registered office	Acacia House Blackbrook Park Avenue Taunton Somerset TA1 2PX
Solicitors	Burges Salmon LLP One Glass Wharf Bristol BS2 0ZX
Bankers	Barclays Bank Plc 4th Floor, Bridgewater House Counterslip Finzels Reach Bristol BS1 6BX
Auditors	PKF Francis Clark Statutory Auditor Ground Floor Blackbrook Gate 1 Blackbrook Business Park Taunton Somerset TA1 2PX

Somerset Care Limited

Strategic Report

Year Ended 31 March 2020

The Directors present their strategic report for the year ended 31st March 2020.

Principal Activity

The principal activities of Somerset Care Limited and its subsidiary companies are the provision of care and support services and training. We provide care for older and disabled people in people's own homes; in supported living settings; and in care homes. We also provide work and training services.

Somerset Care has 27 care homes across the south of England; and also offers a range of care and support services to enable independent living. Somerset Care operates a 'Realise' specialist service focussing on the needs of those with learning disabilities, as well as a 'Petals' service focussing on dementia.

Somerset Care is a company limited by guarantee with no share capital.

Business and financial highlights

The Group's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Group turnover	£'000	75,205	71,650
Earnings before interest, tax, depreciation & amortisation	£'000	7,669	5,607
Net debt	£'000	11,997	19,360
Residential care occupancy (% fee earning beds)	%	92.2	86.5
Domiciliary care delivery (average funded hours per week)		13,131	12,986
Learning disability delivery levels (average hours per week)		4,854	3,633
Number of employees		3,227	3,213

Fair review of the business

The result for the year, after corporation and deferred taxation, amounts to a profit of £3,123,439 (2019: £1,205,680). The Group has no shareholders and consequently no dividends are distributed.

Financial performance in the year ended 31 March 2020 improved materially due to improvements in Residential occupancy, growth in Community hours, and continued cost efficiencies delivered across the services. In addition the Group's shares in YourLife Management Services Ltd (YLMs) were sold to McCarthy and Stone in July 2019, increasing EBITDA by £840k.

Our strategy continues to focus on delivering quality, efficiency and growth.

Residential Care - We remain committed to offering high quality care homes for dementia, frailty and nursing care. Increasingly, we are working closely at the interface between health and care, delivering intermediate care which aims to improve outcomes for older and disabled people, whilst relieving pressure on hospitals.

Community Services - Community Services continued to focus on delivering high quality sustainable home care in our core areas of Somerset, Bath and North East Somerset and Wiltshire.

Realise Learning Disability Services - Our Realise brand is focused on high quality supported living services for people with learning disabilities and/or other complex care needs.

Acacia Training and Development Ltd (ATD) - Acacia Training and Development Ltd is Somerset Care Group's commercial training provider, which also supports in-house care and support training, from its three centres in Plymouth, Exeter and Taunton.

Somerset Care Limited

Strategic Report

Year Ended 31 March 2020

YourLife Management Services Ltd (YLMS) - The company's shares in this joint venture were sold to McCarthy and Stone in July 2019.

Carbon Energy Reporting

Somerset Care is mindful of the impact on the climate by energy consumed, the level of wasted energy, and the cost of basic fuel prices that impact on the cost of delivering our services. In 2020 we commissioned a report to assess possible energy savings as part of an Energy Savings Opportunity Scheme (ESOS). The measures and projects that were initiated, or are currently in a planning stage are as follows:

- Full LED roll-out;
- Install Variable Frequency Drive (VED) to supply and extract fans in order to fluctuate air flows according to local demand;
- Boiler replacement and control upgrades to a number of sites;
- Produce draft energy and environment management policy to be endorsed by board and issued to all employees;
- Set-up building energy awareness campaign;
- Set-up monitoring and targeting system including sub-metering;
- Consider installing controls to hold off artificial lighting in stairwells and external lighting when daylight levels are acceptable and
- Consider installing lighting controls to hold off artificial lighting in perimeter office areas when daylight levels are acceptable.

Somerset Care is committed to reducing our overall energy and emissions footprint. Some of the above measures/projects are on-hold due to Covid-19, but will resume once circumstances allow.

	Electricity (kWh)	Gas (kWh)	Diesel (mileage)	Total
Consumption	4,897,771	12,170,268	3,393,297	
CO2e (tonnes)	1,386	2,239	948	4,573

Section 172 Statement

The directors of Somerset Care have clear regard to their responsibilities and in particular the requirements set out in section 172(1)(a) to (f). The Board of Directors meet on a regular basis and ensure the key aspects of their responsibilities are discharged at these meetings. Key aspects of the Board Agenda in 2019/20 that demonstrate compliance with Section 172(1)(a) to (f) are as follows:

Section 172(1)(a) to (f) requirements	Board Agenda Item(s)
Likely consequences of any decision in the long term	<p>The board spent time in 2019/20 reviewing strategic priorities for the business and understanding what this will mean for future decisions. Business performance is regularly assessed by the board, and the longer-term implications of decisions are assessed against our strategic criteria.</p> <p>The board have used this strategy review to build and assess the longer-term sustainability of the business through a 5-year business plan.</p> <p>Risks are considered by the Audit & Risk Committee regularly using a risk framework that includes a corporate risk register. The risks associated with any strategic decision are reviewed and weighed up against expected future benefits to understand the consequences.</p>

Somerset Care Limited

Strategic Report

Year Ended 31 March 2020

Interests of the company's employees	<p>The board have reaffirmed their commitment to strategic objectives which include the wellbeing of the staff we employ.</p> <p>Board behaviour is aligned with the expectations of our employees, our customers and the local communities that we serve. The company has a clear set of values, which the board adheres to and actively promotes. These values include connecting with people, making a difference, doing the right thing and embracing change. These are reinforced by a set of behaviours that promotes the fair treatment of our employees, as well as our customers and other stakeholders.</p>
Need to foster the company's business relationships with suppliers, customers and others	<p>The board prioritises the improvement of services to existing customers, whilst also bringing new customers to Somerset Care in order to best support our local communities. The board promotes the need to develop and maintain strong client relationships and strengthen links with local communities.</p> <p>The board discusses all new business relationships above an agreed materiality level before they are committed. In doing this the Board considers how these relationships can be enhanced and managed to create value and benefit for Somerset Care and its suppliers and customers.</p>
The impact of the company's operations on the community and the environment	<p>Issues that impact the ability of the business to grow are discussed by the Board of Directors.</p> <p>This provides insights on the critical investments that are being made and committed to in order to improve the company's impact on the community and the environment. This includes efforts to reduce the emissions impact of our business, which is detailed in the carbon energy section of the strategic report.</p>
The desirability of the company maintaining a reputation for high standards of business conduct	<p>The board holds a quarterly Audit and Risk Committee where the governance requirements of the business are discussed and various policies relating to the way the board wish the business to operate are approved.</p> <p>As stated above company values are actively promoted by the board. These are linked to behaviours that promote honesty, integrity and responsibility in our dealing with all stakeholders of the business.</p> <p>A quarterly Quality Committee reviews best practice, and specific care home improvement plans.</p>
The need to act fairly as between members of the company	<p>The board includes four non-Executive Directors (including the Chair of the Board) who provide impartial guidance to the board to ensure the company considers the interest of all members.</p>

Principal risks and uncertainties

The Group is exposed to a variety of financial, operational, reputational, regulatory and strategic risks and uncertainties. The Group has risk management processes in place which are designed to identify, evaluate and mitigate these risks, based on the probability of them occurring and the impact they may have on the business.

The Directors are aware that these risks and uncertainties may, either singularly or, collectively, affect the Group's revenue, costs, asset value, reputation or ability to meet its business objectives and have developed a detailed strategy to mitigate those risks. The Board is aware of our responsibilities and that some of these risks could impact on the older and disabled people we serve. A thorough review of the Corporate Risk Register has been undertaken and it is regularly scrutinised and discussed by the Board.

Somerset Care Limited

Strategic Report

Year Ended 31 March 2020

Covid-19 uncertainties

The Coronavirus pandemic (Covid-19) has severely impacted global economies, and resulted in challenging trading conditions in many sectors including Care. Residential occupancy has fallen since March 2020, but has stabilised in recent months at circa 87%. At this level the business is viable as a going concern. The company has taken various actions to mitigate the impact of Covid-19, including furloughing some of our workforce under the government's Job Retention Scheme and negotiating revised payment terms with some key suppliers. Management are actively monitoring the situation, and managing cash in the business to ensure the long-term viability and financial health of the business.

Approved by the Board on 19/4/2020 and signed on its behalf by:



G S Ridewood BSc ACA
Director

Somerset Care Limited

Directors' Report

Year Ended 31 March 2020

The directors present their report and the for the year ended 31 March 2020.

Directors of the group

The directors who held office during the year were as follows:

A J Dupont MBE DL

R Davies FCMA (resigned 24 October 2019)

S J Hicks (resigned 30 September 2019)

R P Ring BA FCA

G S Ridewood BSc ACA

E J Robb (appointed 24 October 2019)

E V Glynn (appointed 24 October 2019)

A M J Needham (appointed 27 March 2020 and resigned 30 September 2020)

Corporate governance

The Board of Somerset Care Limited is collectively accountable to the company's members for good corporate governance. We aim to follow best practice guidance in the UK Corporate Governance Code and adopt the underlying principles of all good governance: accountability, transparency, and focus on the sustainable success of the Company over the longer term.

The culture, values, strategy and performance of the Group are the collective responsibility of the Board. At each meeting the Board considers and reviews the Group's financial and business performance, addresses strategic issues, and monitors quality assurance and high level risk analysis and mitigation. It has a formal written schedule of matters reserved for its review and approval. The Board meets regularly with additional meetings for strategic reviews arranged as required. Formal agenda and reports are provided to the Board on a timely basis, along with other information to enable it to discharge its duties.

Audit and Risk Committee

The Audit and Risk Committee, typically meets regularly during the year and considers matters related to the reporting of key business and financial results, business risk, financial controls, plus organisational internal control and audit issues. The committee meets at least once a year with the statutory auditors in attendance to report on key issues.

The Board is satisfied that the Group's auditors, PKF Francis Clark, have been objective and Independent of the Group. The Group's auditors performed non-audit services for the Group as outlined in Note 9 to the financial statements but the Board is satisfied that their objectivity and independence was not impaired by such work.

Somerset Care Limited

Directors' Report

Year Ended 31 March 2020

Remuneration Committee

The Company has a Remuneration Committee, with a wholly Non-Executive Director membership, which meets annually to consider executive remuneration. The remuneration of Non-Executive Directors is overseen by the Board with no Director involved setting his or her own remuneration. Details of Directors Remuneration can be found in Note 8 to the financial statements.

Internal Financial Control

The Board is responsible for ensuring that the Group maintains a system of internal financial controls. The objective of the system is to safeguard Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is timely and reliable. These provide reasonable assurance against material loss or misstatement.

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

The key internal controls include specific levels of delegated authority and the segregation of duties; the review of pertinent commercial, financial and other information by the Board on a regular basis; the prior approval of all significant strategic decisions; and maintained a formal strategy for business activities.

Financial instruments

The Board of Directors tasks the Group Audit and Risk Committee with monitoring and managing financial risk.

Treasury and financial risk

As at 31 March 2020 the Group's net debt was £11,996,913 (2019 - £19,360,292). Further details are provided in Note 18.

Debt is kept at a manageable level, with gearing no higher than necessary, whilst enabling the Group to continue its investment strategy. Recognising the Company has a variable working capital, with cash balances moving significantly during any given month, any surplus cash is invested as optimally as possible for variable lengths of time, linked to projected cash flow and lending profiles.

Interest rate risk

Interest rate risk is managed through one interest rate swap derivative applied to a proportion of our debt. Further details are provided in Note 25.

Credit risk

The company is not exposed to significant credit risk due to clearly defined and implemented credit control procedures applied at a local level. It benefits from major contracts with a mixture of local authorities, with elements of up-front cash flow funding, although this has reduced with recent local authority contract changes. Private debt is managed through clear credit control procedures assisted with direct debit collection with the Group.

Pensions

The company operates two separate pension schemes, which must be funded to meet benefit requirements. The original Somerset County Council scheme was closed to new applicants in 1995. The schemes are subject to risk regarding the value of their assets. The latter are affected by the value of investments and the returns generated by them, compared with their liabilities. In turn, these are influenced by changes in life expectancy and actual and expected price inflation. Pension liabilities are viewed as a high risk to the business and mitigating actions are in place, monitored by the Finance, Audit and Systems Committee. The company makes contributions to the schemes which are determined by qualified actuaries to meet its funding obligations.

Somerset Care Limited

Directors' Report

Year Ended 31 March 2020

Employment of disabled persons

The company offers equal opportunities to all applicants for employment. Disabled people are offered employment, training, staff development and promotion on the basis of their aptitude and abilities, in common with all employees.

Employee involvement

Somerset Care continues to invest in training, aimed at enhancing the number of staff holding nationally accredited qualifications in care and other subjects. Staff continue to be encouraged to attain professional qualifications through the Qualification Credit Framework (QCF), including Certificates and Diplomas in Health and Social Care, and other subjects. The Group has a genuine and real commitment to staff training and personal development across its operations.

The directors wish to place on record their sincere thanks to the staff group for the extremely high standard of care and support they provide for our customers. Their commitment and dedication continues to be outstanding.

The group encourages and develops employee involvement, consultation and information through representation at Board level, team meetings at all levels, specific consultation.

Going concern

The financial statements have been prepared on a going concern basis. The directors are satisfied, having made all necessary inquiries and considered the financial projections for the Group, including cash flow forecasts, the availability of committed bank facilities and headroom for the coming 12 months, that the company (and group) will continue to meet its liabilities as they fall due. Further details are provided in Note 2.

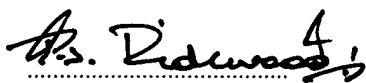
Disclosure of information to the auditor

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

Reappointment of auditors

A resolution to re-appoint PKF Francis Clark as the company's auditor will be put to the forthcoming annual general meeting.

Approved by the Board on 19/11/2020 and signed on its behalf by:



G S Ridewood BSc ACA
Director

Somerset Care Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 affairs of the group and parent company and of the surplus or deficit of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 group and parent 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.

Somerset Care Limited

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

Opinion

We have audited the financial statements of Somerset Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated and Parent Company's Balance Sheet, Consolidated and Parent Company's Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is 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 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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 group's or the parent 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.

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.

Somerset Care Limited

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

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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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 Statement of Directors' Responsibilities 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 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.

Somerset Care Limited

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


Auditor's responsibilities for the audit of the financial statements

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

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.



Nicholas Farrant BA MSc FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Ground Floor
Blackbrook Gate 1
Blackbrook Business Park
Taunton
Somerset
TA1 2PX

Date: 20 November 2020

Somerset Care Limited

Consolidated Profit and Loss Account

Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	75,204,547	71,650,298
Cost of sales		<u>(59,830,847)</u>	<u>(58,292,329)</u>
Gross surplus		15,373,700	13,357,969
Administrative expenses		(10,951,419)	(10,588,353)
Other operating income	4	<u>42,736</u>	<u>21,710</u>
Operating surplus	6	<u>4,465,017</u>	<u>2,791,326</u>
Income from shares in group undertakings		300,000	-
Other interest receivable and similar income	10	-	92,516
Interest payable and similar charges	11	(1,581,839)	(1,387,695)
Profit on disposal of associate		<u>839,951</u>	<u>-</u>
		(441,888)	(1,295,179)
Share of surplus of equity accounted investees		<u>-</u>	<u>372,837</u>
Surplus before tax		4,023,129	1,868,984
Taxation	12	<u>(899,690)</u>	<u>(663,304)</u>
Surplus for the financial year		<u><u>3,123,439</u></u>	<u><u>1,205,680</u></u>

The notes on pages 21 to 53 form an integral part of these financial statements.

Somerset Care Limited

Consolidated Statement of Comprehensive Income

Year Ended 31 March 2020

	2020 £	2019 £
Profit/(loss) for the year	3,123,439	1,205,680
Remeasurement gain on defined benefit pension schemes before tax	(549,000)	1,273,000
Movement on deferred tax relating to pension liability	101,000	(216,000)
	(448,000)	1,057,000
Total comprehensive income for the year	2,675,439	2,262,680

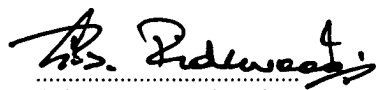
Somerset Care Limited

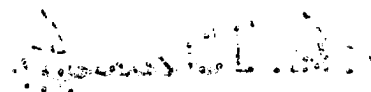
Consolidated Balance Sheet

31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	232,414	351,259
Tangible assets	14	48,817,274	49,797,818
Investments	15	-	585,049
		<u>49,049,688</u>	<u>50,734,126</u>
Current assets			
Stocks	16	148,704	251,199
Debtors	17	7,500,459	7,097,222
Cash at bank and in hand		<u>12,035,077</u>	<u>5,656,454</u>
		19,684,240	13,004,875
Creditors: Amounts falling due within one year	19	<u>(8,809,158)</u>	<u>(7,403,294)</u>
Net current assets		<u>10,875,082</u>	<u>5,601,581</u>
Total assets less current liabilities		59,924,770	56,335,707
Creditors: Amounts falling due after more than one year	19	(23,193,975)	(23,682,153)
Provisions for liabilities	22	(2,874,000)	(2,532,000)
Deferred Income	23	<u>(3,395,695)</u>	<u>(2,980,893)</u>
Net assets excluding pension liability		30,461,100	27,140,661
Defined benefit pension scheme net liability	24	<u>(11,583,050)</u>	<u>(10,938,050)</u>
Net assets		<u>18,878,050</u>	<u>16,202,611</u>
Capital and reserves			
Profit and loss account		<u>18,878,050</u>	<u>16,202,611</u>
Total equity		<u>18,878,050</u>	<u>16,202,611</u>

Approved and authorised by the Board on 19/11/2020 and signed on its behalf by:


 G S Ridewood BSc ACA
 Director



Company Registration Number: 02548025

Somerset Care Limited

Balance Sheet

31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	13	226,612	333,038
Tangible assets	14	48,579,376	49,540,517
Investments	15	800,005	805,005
		<u>49,605,993</u>	<u>50,678,560</u>
Current assets			
Stocks	16	143,705	246,200
Debtors	17	6,740,519	5,601,956
Cash at bank and in hand	18	11,969,876	5,621,197
		<u>18,854,100</u>	<u>11,469,353</u>
Creditors: Amounts falling due within one year	19	<u>(9,305,137)</u>	<u>(7,194,360)</u>
Net current assets		<u>9,548,963</u>	<u>4,274,993</u>
Total assets less current liabilities		59,154,956	54,953,553
Creditors: Amounts falling due after more than one year	19	(23,193,975)	(23,682,153)
Provisions for liabilities	22	(2,879,000)	(2,538,000)
Deferred Income	23	<u>(3,134,573)</u>	<u>(2,688,734)</u>
Net assets excluding pension liability		29,947,408	26,044,666
Defined benefit pension net liability	24	<u>(11,583,050)</u>	<u>(10,938,050)</u>
Net assets		<u>18,364,358</u>	<u>15,106,616</u>
Capital and reserves			
Profit and loss account		<u>18,364,358</u>	<u>15,106,616</u>
Total reserves		<u>18,364,358</u>	<u>15,106,616</u>

The company made a profit after tax for the financial year of £3,705,742 (2019 - profit of £912,078).

Approved and authorised by the Board on 19/11/2020 and signed on its behalf by:



G S Ridewood BSc ACA
Director

Company Registration Number: 02548025

Somerset Care Limited

Consolidated Statement of Changes in Equity

Year Ended 31 March 2020

	Profit and loss account £	Total equity £
At 1 April 2019	16,202,611	16,202,611
Profit for the year	3,123,439	3,123,439
Other comprehensive income	(448,000)	(448,000)
Total comprehensive income	2,675,439	2,675,439
At 31 March 2020	18,878,050	18,878,050

	Profit and loss account £	Total equity £
At 1 April 2018	13,939,931	13,939,931
Profit for the year	1,205,680	1,205,680
Other comprehensive income	1,057,000	1,057,000
Total comprehensive income	2,262,680	2,262,680
At 31 March 2019	16,202,611	16,202,611

Somerset Care Limited

Statement of Changes in Equity

Year Ended 31 March 2020

	Profit and loss account £	Total £
At 1 April 2019	15,106,616	15,106,616
Profit for the year	3,705,742	3,705,742
Other comprehensive income	(448,000)	(448,000)
Total comprehensive income	3,257,742	3,257,742
At 31 March 2020	18,364,358	18,364,358

	Profit and loss account £	Total £
At 1 April 2018	13,137,538	13,137,538
Profit for the year	912,078	912,078
Other comprehensive income	1,057,000	1,057,000
Total comprehensive income	1,969,078	1,969,078
At 31 March 2019	15,106,616	15,106,616

Somerset Care Limited

Consolidated Statement of Changes in Equity

Year Ended 31 March 2020

	Profit and loss account £	Total equity £
At 1 April 2019	16,202,611	16,202,611
Profit for the year	3,123,439	3,123,439
Other comprehensive income	(448,000)	(448,000)
Total comprehensive income	2,675,439	2,675,439
At 31 March 2020	18,878,050	18,878,050

	Profit and loss account £	Total equity £
At 1 April 2018	13,939,931	13,939,931
Profit for the year	1,205,680	1,205,680
Other comprehensive income	1,057,000	1,057,000
Total comprehensive income	2,262,680	2,262,680
At 31 March 2019	16,202,611	16,202,611

Somerset Care Limited

Statement of Changes in Equity

Year Ended 31 March 2020

	Profit and loss account £	Total £
At 1 April 2019	15,106,616	15,106,616
Profit for the year	3,705,742	3,705,742
Other comprehensive income	(448,000)	(448,000)
Total comprehensive income	3,257,742	3,257,742
At 31 March 2020	18,364,358	18,364,358

	Profit and loss account £	Total £
At 1 April 2018	13,137,538	13,137,538
Profit for the year	912,078	912,078
Other comprehensive income	1,057,000	1,057,000
Total comprehensive income	1,969,078	1,969,078
At 31 March 2019	15,106,616	15,106,616

Somerset Care Limited

Consolidated Statement of Cash Flows

Year Ended 31 March 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		3,123,439	1,205,680
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	2,363,795	2,443,895
Loss on disposal of tangible assets	5	16,563	20,634
Profit from disposals of investments	5	(839,951)	-
Finance Income	10	(300,000)	(92,516)
Finance costs	11	1,581,839	1,387,695
Share of profit of equity accounted investees		-	(372,837)
Corporation tax (credit)/expense	12	899,690	663,304
Difference between pension charge and cash contributions		96,000	169,000
		<u>6,941,375</u>	<u>5,424,855</u>
Working capital adjustments			
Decrease in stocks	16	102,495	131,917
(Increase)/decrease in debtors	17	(141,471)	813,354
Increase in creditors	19	1,201,259	1,017,688
Increase in provisions	22	-	626,000
Increase in deferred income, including government grants	23	<u>414,802</u>	<u>163,994</u>
Cash generated from operations		8,518,460	8,177,808
Corporation tax paid	12	<u>(493,823)</u>	<u>(28,238)</u>
Net cash flow from operating activities		<u>8,024,637</u>	<u>8,149,570</u>
Cash flows from investing activities			
Dividends receivable from associates		300,000	-
Acquisitions of tangible assets		(1,274,695)	(1,457,182)
Acquisition of intangible assets	13	(6,168)	(23,276)
Proceeds from disposal of investments in joint ventures and associates		<u>1,425,000</u>	<u>-</u>
Net cash flows from investing activities		<u>444,137</u>	<u>(1,480,458)</u>
Cash flows from financing activities			
Interest paid	11	(1,093,221)	(1,387,695)
Proceeds from bank borrowing draw downs		-	24,875,000
Repayment of bank borrowing		(937,500)	(24,000,000)
Repayment of other borrowing		-	(4,353,900)
Payments to finance lease creditors		<u>(56,667)</u>	<u>(61,569)</u>
Net cash flows from financing activities		<u>(2,087,388)</u>	<u>(4,928,164)</u>
Net increase in cash and cash equivalents	18	6,381,386	1,740,948
Cash and cash equivalents at 1 April	18	<u>5,634,211</u>	<u>3,893,263</u>
Cash and cash equivalents at 31 March	18	<u>12,015,597</u>	<u>5,634,211</u>

The notes on pages 20 to 52 form an integral part of these financial statements.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

1 General information

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

The address of its registered office and principal place of business is:

Acacia House
Blackbrook Park Avenue
Taunton
Somerset
TA1 2PX

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The Group's financial statements have been prepared in accordance with FRS102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. There are no material departures from FRS 102.

The financial statements were prepared using the historical cost convention except that, as disclosed in the accounting policies, certain items are shown at fair value.

The functional currency of the group and parent company is considered to be pounds sterling.

Summary of disclosure exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its individual financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel. Equivalent information is presented in relation to these group accounts.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all subsidiary undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. Associates are accounted for using the equity method.

As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Going concern

The financial statements have been prepared on a going concern basis. As at 31 March 2020 the company had net current assets of £9,548,963 (2019 - net current assets of £4,274,993) and the group had net current assets of £10,875,082 (2019 - net current assets of £5,601,581).

The company and the group relies on the continued support of its bankers, and the directors have prepared cash flow forecasts and financial projections which show that it can operate within agreed bank facilities for at least one year from the approval of these financial statements. The directors have no reason to believe that support will not be continued. Accordingly they believe it is appropriate to prepare the financial statements on a going concern basis.

As described below, and in the Strategic Report, the directors have given consideration to the business impacts of the global coronavirus pandemic in making their going concern assessment.

Revenue recognition

Turnover represents the fair value of consideration receivable, excluding Value Added Tax, in the ordinary course of business for goods and services provided.

Revenue from residents of the group's care homes is recognised, as earned, through the provision of contracted services. Income from other contracts is apportioned on the basis of usage, and accrued or deferred as appropriate.

Revenue from training provision is recognised in the period for which it is received net of discounts, and includes all fees payable by students or their sponsors. Education & Skills Funding Agency (ESFA) income is recognised in the period it arises based on students' actual activity to date, as calculated by the ESFA. A final reconciliation of activity generated in the ESFA year with payments previously made takes place at the end of December following the ESFA year end.

Rental income is recognised in the period to which the rental relates.

Sale of extra care apartments income is recognised on the completion date.

Government grants

Grants received in respect of capital expenditure are accounted for under the accruals method. These are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

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 corporation 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 group 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, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Intangible assets

Intangible assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets include positive purchased goodwill which is capitalised when acquired and software costs which are capitalised when the service is received and include all directly attributable costs.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Over 5-10 years
Software development costs under construction	Not amortised
Computer software	25% on cost

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Asset class	Depreciation method and rate
Freehold buildings	2% - 5% on cost
Long leasehold	2% - 50% reducing balance
Short leasehold	25% on cost
Plant and machinery	20% on cost and straight line over term of lease
Fixtures and fittings	20% on cost
Motor vehicles	25% on cost
Freehold land	Not depreciated

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on the estimated selling price less all further costs to completion and disposal.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Defined contribution pension obligation

The group operates a defined contribution scheme for some eligible employees. The assets of the scheme are held separately from those of the group. The annual contributions are charged to the profit and loss account.

Defined benefit pension obligation

The group operates two defined benefit pension schemes for employees. The assets of the schemes are held separately from those of the group. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Capitalisation of borrowing costs

Borrowing costs which are directly attributable to the construction of tangible assets are capitalised as part of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade debtors and creditors;
- Short term intra group trading debtors and creditors;
- Bank borrowings; and
- Interest rate swaps.

Basic financial assets and liabilities:

Basic financial assets comprise short term trade balances with third parties and other group companies, and cash and bank balances. Basic financial liabilities comprise short term trade balances with third parties and other group companies. Such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Derivatives:

The group uses derivative financial instruments in the form of interest rate swaps to reduce exposure to cash flow risk on fluctuations in interest rates. It does not hold derivatives for speculative purposes.

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

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Recognition and measurement

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgement that has a significant impact on the financial statements is in respect of going concern.

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

Impact of coronavirus. In the light of the ongoing pandemic and its macro-economic implications, and in making their going concern judgement and other key estimates as described below, the directors have given consideration as to the known and potential financial and operational impacts of Covid-19 upon the company and group considering a number of likely scenarios.

Land and buildings. Properties are carried at cost, less accumulated depreciation and any subsequent accumulated impairment loss. This requires an estimation in the depreciation rates used as well as assessment of the particular circumstances of each care home to assess whether an indicator of impairment has occurred. The carrying value of land and buildings at the year end is £46,523,713 (2019 - £47,351,741).

Trade debtors. Provision is made against amounts which are considered doubtful on a specific client by client basis. The carrying value of trade debtors at the year end is £4,209,954 (2019 - £4,208,351).

Interest rate swaps. Interest rate contracts are valued using market derived projections of future cash flows discounted back to estimated present values. The carrying value at the year end is £488,618 (2019 - £Nil).

Defined benefit scheme obligation. The present values of the Local Government Pension Schemes defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. The carrying value of the pension scheme net liability at year end is £11,583,050 (2019 - £10,938,050).

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

3 Turnover

The analysis of the group's turnover for the year by class of business is as follows:

	2020 £	2019 £
Care services	73,544,413	69,806,942
Training	1,614,337	1,799,585
Rent and service charges	45,797	43,771
	<u>75,204,547</u>	<u>71,650,298</u>

The analysis of the group's turnover for the year by market is as follows:

	2020 £	2019 £
UK	<u>75,204,547</u>	<u>71,650,298</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2020 £	2019 £
Grants and subsidies receivable	28,439	9,063
Other income	14,297	12,647
	<u>42,736</u>	<u>21,710</u>

5 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2020 £	2019 £
Gain (loss) on disposal of property, plant and equipment	(16,563)	(20,634)
Gain (loss) from disposals of investments	839,951	-
	<u>823,388</u>	<u>(20,634)</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

6 Operating surplus

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	2,238,782	2,321,456
Amortisation expense	125,013	122,439
Operating lease expense	2,155,221	2,083,724
Loss on disposal of property, plant and equipment	<u>16,563</u>	<u>20,634</u>

7 Staff costs

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2020 No.	2019 No.
Provision of care services	2,782	2,998
Provision of training	87	102
Office and management	<u>113</u>	<u>113</u>
	<u>2,982</u>	<u>3,213</u>

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 £	2019 £
Wages and salaries	45,424,098	44,577,965
Social security costs	3,449,496	3,306,668
Pension costs, defined contribution scheme	566,028	402,996
Pension costs, defined benefit scheme	549,000	526,000
Redundancy costs	<u>305,181</u>	<u>716,400</u>
	<u>50,293,803</u>	<u>49,530,029</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £	2019 £
Remuneration	302,810	406,657
Contributions paid to money purchase schemes	14,069	27,075
Compensation for loss of office	47,500	140,000
	<u>364,379</u>	<u>573,732</u>

During the year the number of directors who were receiving benefits was as follows:

	2020 No.	2019 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>4</u>

In respect of the highest paid director:

	2020 £	2019 £
Remuneration	171,346	234,448
Company contributions to money purchase pension schemes	<u>9,234</u>	<u>9,042</u>

9 Auditors' remuneration

	2020 £	2019 £
Audit of these financial statements	60,000	57,400
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>17,000</u>	<u>16,600</u>
	<u>77,000</u>	<u>74,000</u>

Other fees to auditors

Taxation compliance services	9,000	8,500
All other tax advisory services	7,710	4,500
All other assurance services	1,000	1,000
All other services relating to corporate finance transactions on behalf of the company or any associates	-	4,800
All other non-audit services	<u>6,441</u>	<u>6,008</u>
	<u>24,151</u>	<u>24,808</u>

10 Other interest receivable and similar income

	2020 £	2019 £
Interest rate swap change in value	<u>-</u>	<u>92,516</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

11 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and borrowings	834,705	1,084,719
Interest on obligations under finance leases and hire purchase contracts	5,516	5,976
Interest rate swap change in value	488,618	-
Interest on net pension scheme liabilities	253,000	297,000
	<u>1,581,839</u>	<u>1,387,695</u>

12 Taxation

Tax charged/(credited) in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	797,954	429,765
UK corporation tax adjustment to prior periods	(264)	54,595
	<u>797,690</u>	<u>484,360</u>
Share of associate's current tax	-	70,944
Total current corporation tax	<u>797,690</u>	<u>555,304</u>
Deferred taxation		
Arising from origination and reversal of timing differences	342,000	137,000
Arising from changes in tax rates and laws	(240,000)	(29,000)
Total deferred taxation	<u>102,000</u>	<u>108,000</u>
Tax expense in the profit and loss account	<u>899,690</u>	<u>663,304</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	4,023,129	1,868,984
Corporation tax at standard rate	764,395	355,107
Effect of revenues exempt from taxation	(215,992)	(88,989)
Effect of expense not deductible in determining taxable profit (tax loss)	116,170	121,180
Deferred tax expense/(credit) relating to changes in tax rates or laws	6,132	(15,216)
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(937)	56,412
Tax increase from effect of capital allowances and depreciation	243,079	263,500
Other tax effects for reconciliation between accounting profit and tax expense (income)	(13,157)	(28,690)
Total tax charge	899,690	663,304

Deferred tax

Group

Deferred tax assets and liabilities

2020

	Asset £	Liability £
Excess of taxation allowances over depreciation of fixed assets	-	2,369,000
Short term timing differences	(121,000)	-
	(121,000)	2,369,000

2019

	Asset £	Liability £
Excess of taxation allowances over depreciation of fixed assets	-	1,936,000
Short term timing differences	(30,000)	-
	(30,000)	1,936,000

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Company

Deferred tax assets and liabilities

	Asset £	Liability £
2020		
Excess of taxation allowances over depreciation of fixed assets	-	2,374,000
Short term timing differences	(121,000)	-
	<u>(121,000)</u>	<u>2,374,000</u>
2019		
Excess of taxation allowances over depreciation of fixed assets	-	1,942,000
Short term timing differences	(30,000)	-
	<u>(30,000)</u>	<u>1,942,000</u>

13 Intangible assets

Group

	Goodwill £	Computer software £	Total £
Cost or valuation			
At 1 April 2019	1,744,063	537,769	2,281,832
Additions acquired separately	-	6,168	6,168
At 31 March 2020	<u>1,744,063</u>	<u>543,937</u>	<u>2,288,000</u>
Amortisation			
At 1 April 2019	1,726,860	203,713	1,930,573
Amortisation charge	17,203	107,810	125,013
At 31 March 2020	<u>1,744,063</u>	<u>311,523</u>	<u>2,055,586</u>
Carrying amount			
At 31 March 2020	-	232,414	232,414
At 31 March 2019	<u>17,203</u>	<u>334,056</u>	<u>351,259</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Company

	Computer software £	Total £
Cost or valuation		
At 1 April 2019	532,129	532,129
At 31 March 2020	532,129	532,129
Amortisation		
At 1 April 2019	199,091	199,091
Amortisation charge	106,426	106,426
At 31 March 2020	305,517	305,517
Carrying amount		
At 31 March 2020	226,612	226,612
At 31 March 2019	333,038	333,038

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

14 Tangible fixed assets

Group

	Land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 April 2019	58,192,170	5,306,086	5,627,407	69,125,663
Additions	485,107	340,891	448,697	1,274,695
Disposals	-	(166,051)	(153,332)	(319,383)
At 31 March 2020	58,677,277	5,480,926	5,922,772	70,080,975
Depreciation				
At 1 April 2019	10,840,429	4,108,543	4,378,873	19,327,845
Charge for the year	1,313,135	396,065	529,582	2,238,782
Eliminated on disposal	-	(153,621)	(149,305)	(302,926)
At 31 March 2020	12,153,564	4,350,987	4,759,150	21,263,701
Carrying amount				
At 31 March 2020	46,523,713	1,129,939	1,163,622	48,817,274
At 31 March 2019	47,351,741	1,197,543	1,248,534	49,797,818

Included within the net book value of land and buildings above is £33,670,286 (2019 - £34,370,043) in respect of freehold land and buildings, £12,790,013 (2019 - £12,884,566) in respect of long leasehold land and buildings and £63,414 (2019 - £97,132) in respect of short leasehold land and buildings.

Capitalised borrowing costs

Within the net book value of land and buildings are capitalised borrowing costs of £1,979,193 (2019 - £1,979,193). The capitalisation rate used to determine the amount of finance costs capitalised in previous years was 4.67%.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Company

	Land and buildings £	Furniture, fittings and equipment £	Other property, plant and equipment £	Total £
Cost or valuation				
At 1 April 2019	57,725,755	3,687,500	5,660,414	67,073,669
Additions	485,107	340,891	448,697	1,274,695
Disposals	-	(166,051)	(153,332)	(319,383)
At 31 March 2020	<u>58,210,862</u>	<u>3,862,340</u>	<u>5,955,779</u>	<u>68,028,981</u>
Depreciation				
At 1 April 2019	10,601,974	2,638,586	4,292,592	17,533,152
Charge for the year	1,307,206	382,591	529,582	2,219,379
Eliminated on disposal	-	(153,621)	(149,305)	(302,926)
At 31 March 2020	<u>11,909,180</u>	<u>2,867,556</u>	<u>4,672,869</u>	<u>19,449,605</u>
Carrying amount				
At 31 March 2020	<u>46,301,682</u>	<u>994,784</u>	<u>1,282,910</u>	<u>48,579,376</u>
At 31 March 2019	<u>47,123,781</u>	<u>1,048,914</u>	<u>1,367,822</u>	<u>49,540,517</u>

Included within the net book value of land and buildings above is £33,448,255 (2019 - £34,142,083) in respect of freehold land and buildings, £12,790,013 (2019 - £12,884,566) in respect of long leasehold land and buildings and £63,414 (2019 - £97,132) in respect of short leasehold land and buildings.

Capitalised borrowing costs

Within the net book value of land and buildings are capitalised borrowing costs of £1,979,193 (2019 - £1,979,193). The capitalisation rate used to determine the amount of finance costs capitalised in previous years was 4.67%.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

15 Investments

Group

Details of undertakings

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

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2020	2019
Associates				
Your Life Management Services Limited Fourth Floor, 100 Holdenhurst Road, Bournemouth, BH8 8AQ	England & Wales	Ordinary shares	0%	50%

The joint venture party, McCarthy & Stone Limited, had a majority on the Board of Directors working within specific authority defined by the revised legal agreements. Consequently, for accounting purposes, Your Life Management Services Limited was treated as an associate, rather than a joint venture. The investment was sold on 29 July 2019 hence there are 0% voting rights and shares held at the year end.

Associate undertakings

The principal activity of Your Life Management Services Limited is estate management and support services .

	Associated undertakings £
Share of net assets	
At 1 April 2019	585,049
Disposals	(585,049)
At 31 March 2020	-

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Company

	2020	2019
	£	£
Investments in subsidiaries	5	5
Investments in associates	-	5,000
Loans to group undertakings	800,000	800,000
	<u>800,005</u>	<u>805,005</u>

Subsidiaries

£

Cost or valuation

At 1 April 2019 and at 31 March 2020

5

Carrying amount

At 31 March 2020

5

At 31 March 2019

5

Associates

£

Cost

At 1 April 2019

5,000

Disposal in year

(5,000)

Carrying amount

At 31 March 2020

-

At 31 March 2019

5,000

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Details of undertakings

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

Undertaking	Registered office and country of incorporation	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Somerset Care Support Services Limited	Acacia House, Blackbrook Park Avenue, Taunton, TA1 2PX England & Wales	Ordinary shares	100%	100%
Acacia Training and Development Limited	Acacia House, Blackbrook Park Avenue, Taunton, TA1 2PX England & Wales	Ordinary shares	100%	100%
Acacia Facilities Management Limited	Acacia House, Blackbrook Park Avenue, Taunton, TA1 2PX England & Wales	Ordinary shares	100%	100%
Somerset Care at Home Limited	Acacia House, Blackbrook Park Avenue, Taunton, TA1 2PX England & Wales	Ordinary shares	100%	100%
Associates				
Your Life Management Services Limited	Fourth Floor, 100 Holdenhurst Road, Bournemouth, BH8 8AQ England & Wales	Ordinary shares	0%	50%

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Subsidiary undertakings

Somerset Care Support Services Limited

The principal activity of Somerset Care Support Services Limited is the provision of care and support services.

Acacia Training and Development Limited

The principal activity of Acacia Training and Development Limited is the provision of work based learning and other commercial training services.

Acacia Facilities Management Limited

The principal activity of Acacia Facilities Management Limited is property management services.

Somerset Care at Home Limited

The principal activity of Somerset Care at Home Limited is that of a dormant company.

Associates

Your Life Management Services Limited

The principal activity of Your Life Management Services Limited is estate management and support services. The company sold their share holding on 29 July 2019.

16 Stocks

	2020 £	Group 2019 £	2020 £	Company 2019 £
Extra care apartments	-	105,395	-	105,395
Stocks of consumables	148,704	145,804	143,705	140,805
	<u>148,704</u>	<u>251,199</u>	<u>143,705</u>	<u>246,200</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

17 Debtors

	Note	2020 £	Group 2019 £	2020 £	Company 2019 £
Trade debtors		4,174,325	4,208,351	2,390,042	2,145,842
Amounts due from group undertakings		-	-	1,063,802	126,187
Other debtors		2,371,122	1,925,824	2,361,581	2,418,371
Prepayments		955,012	883,813	925,094	854,322
Corporation tax debtor	12	-	79,234	-	57,234
		<u>7,500,459</u>	<u>7,097,222</u>	<u>6,740,519</u>	<u>5,601,956</u>
Less non-current portion		<u>(2,201,000)</u>	<u>(1,859,000)</u>	<u>(2,201,000)</u>	<u>(1,859,000)</u>
Total current trade and other debtors		<u>5,299,459</u>	<u>5,238,222</u>	<u>4,539,519</u>	<u>3,742,956</u>

Details of non-current trade and other debtors

Group and company

£2,201,000 (2019 - £1,859,000) of deferred tax asset is classified as non current, being the deferred tax asset recognised on the defined benefit pension scheme liability.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

18 Cash and cash equivalents

	2020 £	Group 2019 £	2020 £	Company 2019 £
Cash at bank	12,035,077	5,656,454	11,969,876	5,621,197
Bank overdrafts	<u>(19,480)</u>	<u>(22,243)</u>	<u>(15,395)</u>	<u>(12,897)</u>
Cash and cash equivalents in statement of cash flows	<u>12,015,597</u>	<u>5,634,211</u>	<u>11,954,481</u>	<u>5,608,300</u>

Analysis of cash and cash equivalents and net debt

	At 1 April 2019 £	Cash flow £	Transfers £	At 31 March 2020 £
Net cash:				
Cash in hand and at bank	5,656,454	6,378,623	-	12,035,077
Bank overdrafts	<u>(22,243)</u>	<u>2,763</u>	<u>-</u>	<u>(19,480)</u>
	<u>5,634,211</u>	<u>6,381,386</u>	<u>-</u>	<u>12,015,597</u>
Debt:				
Debt due within 1 year	(1,250,000)	1,250,000	(1,250,000)	(1,250,000)
Debt due after 1 year	(23,625,000)	(330,357)	1,250,000	(22,705,357)
Finance lease obligations due within 1 year	(62,350)	62,350	(57,153)	(57,153)
Finance lease obligations due after 1 year	<u>(57,153)</u>	<u>-</u>	<u>57,153</u>	<u>-</u>
	<u>(24,994,503)</u>	<u>981,993</u>	<u>-</u>	<u>(24,012,510)</u>
Net debt	<u>(19,360,292)</u>	<u>7,363,379</u>	<u>-</u>	<u>(11,996,913)</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

19 Creditors

	Note	2020 £	Group 2019 £	2020 £	Company 2019 £
Due within one year					
Loans and borrowings	20	1,326,634	1,334,593	1,322,549	1,325,247
Trade creditors		2,042,613	2,001,723	1,986,104	1,953,926
Amounts due to group undertakings		-	-	676,718	731,697
Social security and other taxes		1,778,916	1,440,193	1,753,388	643,263
Outstanding defined contribution pension costs		135,970	124,904	135,970	124,904
Other creditors		1,965,340	1,657,721	1,961,702	1,648,071
Accrued expenses		1,335,052	844,160	1,244,073	767,252
Corporation tax	12	224,633	-	224,633	-
		<u>8,809,158</u>	<u>7,403,294</u>	<u>9,305,137</u>	<u>7,194,360</u>
Due after one year					
Loans and borrowings	20	22,705,357	23,682,153	22,705,357	23,682,153
Derivative financial instruments	25	488,618	-	488,618	-
		<u>23,193,975</u>	<u>23,682,153</u>	<u>23,193,975</u>	<u>23,682,153</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

20 Loans and borrowings

	2020 £	Group 2019 £	2020 £	Company 2019 £
Current loans and borrowings				
Bank borrowings	1,250,000	1,250,000	1,250,000	1,250,000
Bank overdrafts	19,480	22,243	15,395	12,897
HP and finance lease liabilities	57,154	62,350	57,154	62,350
	<u>1,326,634</u>	<u>1,334,593</u>	<u>1,322,549</u>	<u>1,325,247</u>

	2020 £	Group 2019 £	2020 £	Company 2019 £
Non-current loans and borrowings				
Bank borrowings	22,705,357	23,625,000	22,705,357	23,625,000
HP and finance lease liabilities	-	57,153	-	57,153
	<u>22,705,357</u>	<u>23,682,153</u>	<u>22,705,357</u>	<u>23,682,153</u>

Group and Company

Bank borrowings

The bank loans are denominated in sterling with a nominal interest rate of 2.1% above LIBOR, subject to leverage ratio, and the final instalment is due on 28 March 2026. The carrying amount at year end is £23,955,357 (2019 - £25,000,000).

The bank loans are secured over various group properties.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

21 Obligations under leases

Group

Finance leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	57,153	62,350
Later than one year and not later than five years	-	57,153
	<u>57,153</u>	<u>119,503</u>

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	1,859,747	1,808,667
Later than one year and not later than five years	3,299,759	3,256,014
Later than five years	15,174,674	20,554,227
	<u>20,334,180</u>	<u>25,618,908</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,150,827 (2019 - £2,303,479).

Company

Finance leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	57,153	62,350
Later than one year and not later than five years	-	57,153
	<u>57,153</u>	<u>119,503</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	1,846,910	1,795,830
Later than one year and not later than five years	3,299,759	3,256,104
Later than five years	15,174,674	20,554,227
	<u>20,321,343</u>	<u>25,606,161</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,121,474 (2019 - £2,278,212).

22 Deferred tax and other provisions

Group

	Deferred tax £	Other provisions £	Total £
At 1 April 2019	1,906,000	626,000	2,532,000
Increase in existing provisions	<u>342,000</u>	<u>-</u>	<u>342,000</u>
At 31 March 2020	<u>2,248,000</u>	<u>626,000</u>	<u>2,874,000</u>

Company

	Deferred tax £	Dilapidation provision £	Total £
At 1 April 2019	1,912,000	626,000	2,538,000
Increase in existing provisions	<u>341,000</u>	<u>-</u>	<u>341,000</u>
At 31 March 2020	<u>2,253,000</u>	<u>626,000</u>	<u>2,879,000</u>

A provision has been recognised in respect of liabilities under a property lease. It is anticipated that the rectification works will be carried out during the 2020/21 financial year.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

23 Deferred income

	2020 £	Group 2019 £	2020 £	Company 2019 £
Deferred income	3,328,016	2,911,369	3,066,894	2,619,210
Government grants	67,679	69,524	67,679	69,524
	<u>3,395,695</u>	<u>2,980,893</u>	<u>3,134,573</u>	<u>2,688,734</u>

Group

	Deferred income £	Government grants £
At 1 April 2019	2,911,369	69,524
Received during the year	3,328,016	-
Released to profit during the year	<u>(2,911,369)</u>	<u>(1,845)</u>
At 31 March 2020	<u>3,328,016</u>	<u>67,679</u>

Company

	Deferred income £	Government grants £
At 1 April 2019	2,619,210	69,524
Received during the year	3,066,894	-
Released to profit during the year	<u>(2,619,210)</u>	<u>(1,845)</u>
At 31 March 2020	<u>3,066,894</u>	<u>67,679</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

24 Pension schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £566,028 (2019 - £402,996).

Contributions totalling £135,970 (2019 - £124,904) were payable to the scheme at the end of the year and are included in creditors.

Defined benefit pension schemes

Somerset Care Limited operates two defined benefit pension schemes; the Somerset County Superannuation Fund and the Wiltshire Council Pension Fund.

Somerset County Superannuation Fund (SCC Scheme)

The main scheme operated comprises segregated funds of the Somerset County Superannuation Fund (SCC Scheme). This scheme was closed to new applicants in 1995. At the balance sheet date the SCC scheme had a deficit of £11,617,050.

In order to fund this deficit, Somerset Care Limited is paying additional contributions to the SCC scheme for eligible staff, as calculated by the scheme's actuary Barnett Waddingham. These cover monthly employer pension contributions for staff remaining in employment plus an annual lump sum benefit recovery payment. The employer pension contributions were 19% for the year to 31 March 2020, no change from the prior year. Deficit recovery payments were £310,000 in the year to 31 March 2020 (£280,000 in the prior year). Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The current contributions are set to 31 March 2022. The next actuarial valuation of the Fund will be carried out at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The date of the most recent comprehensive actuarial valuation was 31 March 2019. The valuation used is as at 31 March 2019, the following other reporting sources have been used to ensure that the defined benefit obligation is measured at the reporting date:

- Estimated whole Fund income and expenditure items for the period to 31 March 2020;
- Estimated Fund returns based on Fund asset statements provided (or estimated where necessary) as at 31 March 2019 and 31 March 2020, and Fund income and expenditure as noted above;
- Estimated Fund income and expenditure in respect of the Employer for the period to 31 March 2020; and
- Details of any new early retirements for the period to 31 March 2020 that have been paid out on an unreduced basis, which are not anticipated in the normal employer service cost; and
- Details of any settlements for the period to 31 March 2020.

The total cost relating to the SCC Scheme defined benefit scheme for the year recognised in profit or loss as an expense was £441,000 (2019 - £499,000).

The total cost relating to the SCC Scheme defined benefit scheme for the year included in the cost of an asset was £Nil (2019 - £Nil).

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2020 £	2019 £
Fair value of scheme assets	19,681,000	22,891,000
Present value of defined benefit obligation	<u>(31,298,050)</u>	<u>(33,675,050)</u>
Defined benefit pension scheme deficit	<u><u>(11,617,050)</u></u>	<u><u>(10,784,050)</u></u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2020 £
Present value at start of year	33,675,050
Current service cost	172,000
Past service cost	3,000
Interest cost	770,000
Changes in financial assumptions	(1,929,000)
Changes in demographic assumptions	293,000
Experience losses/(gains)	148,000
Contributions by scheme participants	27,000
Benefits paid	<u>(1,861,000)</u>
Present value at end of year	<u><u>31,298,050</u></u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2020 £
Fair value at start of year	22,891,000
Interest income	521,000
Return on plan assets, excluding amounts included in interest income/(expense)	(1,833,000)
Actuarial losses	(443,000)
Admin expenses	(17,000)
Employer contributions	396,000
Contributions by scheme participants	27,000
Benefits paid	<u>(1,861,000)</u>
Fair value at end of year	<u><u>19,681,000</u></u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Analysis of assets

The major categories of scheme assets are as follows:

	2020 %	2019 %
Cash and cash equivalents	6	6
Equity instruments	67	70
Property	10	9
Gilts	7	6
Other bonds	10	9
	<u>100</u>	<u>100</u>

Return on scheme assets

	2020 £	2019 £
Return on scheme assets	<u>(1,833,000)</u>	<u>622,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2020 %	2019 %
RPI price increases	3.35	3.45
CPI price increases	1.95	2.45
Discount rate	2.30	2.35
Future salary increases	2.35	2.95
Future pension increases	<u>1.95</u>	<u>2.45</u>

Post retirement mortality assumptions

	2020 Years	2019 Years
Current UK pensioners at retirement age - male	23.00	23.00
Current UK pensioners at retirement age - female	25.00	24.00
Future UK pensioners at retirement age - male	25.00	25.00
Future UK pensioners at retirement age - female	<u>26.00</u>	<u>26.00</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Wiltshire Council Pension Fund (Wiltshire Scheme)

At the balance sheet date the Wiltshire scheme had a surplus of £34,000

The employer contributions expected to be paid to the Wiltshire scheme during the year ending 31 March 2020 are £30,000.

Pension valuations for the schemes are prepared in line with accounting standards as determined by actuarial assumptions. These are subject to triennial reviews with the company reviewing the actual levels of contributions required as calculated by the respective actuaries.

The date of the most recent comprehensive actuarial valuation was 31 March 2016. The valuation has been projected forward to 31 March 2020 using approximate methods. The roll-forward allows for changes in financial assumptions, additional benefit accrual, estimated cash flows over the period and actual pension increase orders.

The total cost relating to the Wiltshire Scheme defined benefit scheme for the year recognised in profit or loss as an expense was £51,000 (2019 - £44,000).

The total cost relating to the Wiltshire Scheme defined benefit scheme for the year included in the cost of an asset was £Nil (2019 - £Nil).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2020 £	2019 £
Fair value of scheme assets	1,948,000	2,090,000
Present value of defined benefit obligation	(1,914,000)	(2,244,000)
Defined benefit pension scheme surplus/(deficit)	<u>34,000</u>	<u>(154,000)</u>

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2020 £
Present value at start of year	2,244,000
Current service cost	47,000
Interest cost	54,000
Changes in financial assumptions	(165,000)
Changes in demographic assumptions	(54,000)
Experience gains/(losses)	(167,000)
Benefits paid	(51,000)
Contributions by scheme participants	6,000
Present value at end of year	<u>1,914,000</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2020 £
Fair value at start of year	2,090,000
Interest income	50,000
Return on plan assets, excluding amounts included in interest income/(expense)	(147,000)
Contributions by scheme participants	6,000
Benefits paid	(51,000)
Fair value at end of year	<u>1,948,000</u>

Analysis of assets

The major categories of scheme assets are as follows:

	2020 %	2019 %
Cash and cash equivalents	1	2
Equity instruments	58	71
Property	12	13
Other bonds	29	14
	<u>100</u>	<u>100</u>

Return on scheme assets

	2020 £	2019 £
Return on scheme assets	<u>(147,000)</u>	<u>110,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2020	2019
	%	%
RPI price increases	2.80	3.50
CPI price increases	1.90	2.50
Discount rate	2.30	2.40
Future salary increases	2.30	2.80
Future pension increases	<u>1.90</u>	<u>2.50</u>

Post retirement mortality assumptions

	2020	2019
	Years	Years
Current UK pensioners at retirement age - male	22.00	23.00
Current UK pensioners at retirement age - female	24.00	25.00
Future UK pensioners at retirement age - male	23.00	24.00
Future UK pensioners at retirement age - female	<u>26.00</u>	<u>27.00</u>

Future events

In December 2018, the Court of Appeal ruled on the McCloud/Sargeant legal case that certain transitional arrangements relating to the 2015 reform of public sector pension schemes gave rise to unlawful discrimination. The decision was upheld by the Supreme Court in June 2019.

For the year ended 31 March 2020, actuarial valuations have been updated to include the estimated impact this ruling will have on affected entities.

Somerset Care Limited

Notes to the Financial Statements

Year Ended 31 March 2020

25 Financial instruments

Group

Categorisation of financial instruments

	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost	<u>6,581,076</u>	<u>6,134,175</u>
Financial liabilities measured at fair value through profit or loss	(488,618)	-
Financial liabilities measured at amortised cost	<u>(27,963,310)</u>	<u>(28,711,100)</u>
	<u>(28,451,928)</u>	<u>(28,711,100)</u>

Financial liabilities measured at fair value

Interest rate swaps

Interest rate swap contracts are valued using market derived projections of future cash flows in respect of the hedging instruments discounted back to estimated present values.

On 5 April 2019 (with an effect date of 28 June 2019), the company entered into a new interest rate swap contract for a notional amount of £12,343,750. The swap has a fixed interest rate of 1.258% and the maturity date is 28 March 2026. Hedge accounting under FRS 102 has not been applied and movements in fair values are recognised immediately in the profit and loss account.

The fair value is £488,618 (2019 - £Nil) and the change in value included in profit or loss is £488,618 (2019 - £92,516).

26 Related party transactions

Group

Summary of transactions with key management

The key management personnel are considered to be the directors. The aggregate compensation paid to them was £364,379 (2019 - £756,477).

Summary of transactions with all associates

Associated companies

During the year, the group raised management charges and scheme fees to Your Life Management Services Limited (YLMS) of £294,574 (2019 - £718,708), in accordance with the management agreement. At the year end the group was owed £Nil (2019 - £Nil) by YLMS.

On 29 July 2019, the company sold its shareholding in YLMS for a total consideration of £1,425,000.