

**Cornwall Care Limited**  
**(Limited by guarantee)**  
**Annual report**  
**for the year ended 31 December 2010**

**Company registration number 03079623**

**Charity registration number 1053486**

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# Cornwall Care Limited

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# Cornwall Care Limited

## Directors and advisors for the year ended 31 December 2010

### Members of the Board who served during the year ended 31 December 2010

Dr A Stanhope	(Chairman)
Ms M Milano	(Vice Chairman)
Mr T F S Bacon	
Mr F D Brewer	
Mr R P Carson	(resigned 23/9/2010)
Miss D J Clark	
Mr M Lake	(appointed 13/5/2010)
Mrs K J Leishman	
Mr I J Pawley	
Ms M P Schwarz	
Mr J W Sherlock	
Mr C R W Yates	(appointed 17/11/2010)

The Board would like to express their thanks to Mr Roger Carson for his work on the Board over the past nine years and extend a warm welcome to Mr Michael Lake and Mr Christopher Yates

The members of the Board are directors of the company for Companies Act purposes and trustees for the purpose of the Charities Act. Directors are appointed by ordinary resolution subject to a minimum of 2 and maximum of 11

### Chief Executive

Mr D P Webb

### Director of Finance and Company Secretary

Mr P A Turner

### Director of Operations and Quality

Mrs T K North

### Principal Address and Registered Office

Cornwall Care House, Truro Business Park  
Threemilestone, Truro TR4 9LD

### Auditors

PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors  
Princess Court, 23 Princess Street, Plymouth PL1 2EX

### Solicitors

Foot Anstey	Follett Stock
Princes House	Truro Business Park
Princes Street	Threemilestone
Truro TR1 2EY	Truro TR4 9NH

### Bankers

Lloyds Banking Group  
PO Box 128, 8 Royal Parade  
Plymouth PL1 1LX

### Insurance Brokers

Capita Specialist Insurance Solutions  
Wynchgate House, Woodlands Lane  
Bristol BS32 4JT

# Cornwall Care Limited

## Directors' report for the year ended 31 December 2010

The Directors present their annual report for the year ended 31 December 2010 under the Companies Act 2006 together with the audited financial statements for the year and confirm that the latter complies with the requirements of the Act, the Memorandum and Articles of Association and the Charities SORP 2005

### Structure, Governance and Management

#### Governing document

Cornwall Care Limited is a registered charity and company limited by guarantee. It is governed by its Memorandum and Articles of Association and the Board of Directors who are also its Trustees.

The Directors who served during the year, all of whom act in a non-executive capacity, are listed on page 2.

#### Recruitment and appointment of Trustees

Directors are appointed by the Board in accordance with the Memorandum and Articles of Association and can serve a maximum of nine consecutive years. One third of Directors are required to retire by rotation at each Annual General Meeting and may seek re-election.

Directors are appointed by the Board following a search and selection process managed by the Nominations Committee.

On appointment, Directors are given an induction pack which includes information about the organisation and are invited to attend visits to business units. Directors are provided with regular information updates on their role as Trustees and Directors.

The Board reviews the skills and experience of Directors on an annual basis to ensure that the company has the range of skills and experience required by the Board.

#### Organisation

The Board of Directors administers the company and they meet a minimum of six times a year. There are sub-committees covering performance, property, care quality and development, remuneration, nominations and audit.

The following Directors were members of the sub-committees during the year:

- Care Quality Assurance - Mrs K J Leishman (Chair), Miss D J Clark, Mr I J Pawley, Ms M P Schwarz
- Performance - Mr J W Sherlock (Chair), Mr F D Brewer, Ms M Milano, Dr A Stanhope
- Audit - Mr F D Brewer (Chair), Mrs K J Leishman, Ms M P Schwarz
- Nominations - Ms M Milano (Chair), Mr R P Carson, Dr A Stanhope
- Remuneration - Dr A Stanhope (Chair), Ms M Milano, Mr J W Sherlock

On 12 January 2011 Mr T F S Bacon and Mr C R W Yates joined the Performance Committee.

The Board of Directors meet regularly to review the performance in relation to objectives, strategy and business plans as well as being responsible for strategic business decisions. The Board meets annually to discuss objectives, review strategy and approve the five year business plan and annual budget.

Each sub-committee has specific terms of reference and functions delegated by the Board. Each sub-committee reports directly to the Board. The day-to-day management of the organisation is delegated to the Chief Executive and the Executive Management Board.

The Executive Management Board consists of the Chief Executive, Director of Finance, Director of Operations and Quality, Head of Human Resources, Head of Property and Head of Marketing/PR. They manage the business on behalf of the Board of Directors and report to the Board and its sub-committees on a regular basis.

## Cornwall Care Limited

### Directors' report for the year ended 31 December 2010 (continued)

#### **Employee involvement**

Regular meetings are held between senior managers and each business unit's management team to review progress and developments both in their business and the Company as a whole. Within each business the manager holds regular staff meetings to ensure that the Company's goals and objectives are fully understood. Members of staff from around the group have been involved in designing a new web-based staff survey process which went live in early 2011.

The Joint Consultative Committee set up by the Trade Unions, and the Management Consultative Committee continued to meet during the year and provides a joint forum for staff development views.

#### **Directors and staff**

The Directors wish to acknowledge and thank all staff for the dedication and hard work they have put into making Cornwall Care Limited a recognised and trusted provider of quality care for adults in Cornwall.

#### **Related parties**

The Company has two wholly-owned subsidiary companies, Cornwall Care (St Ives) Limited and Cornwall Care (Independent Living) Limited, set up in January 2010, to carry out property development work for a new care facility in St Ives consisting of a new 72 bed care home and 26 independent living units to replace two existing homes in the Carbis Bay area.

#### **Risk management**

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 Executive Management Board monitors and manages risk on a monthly basis. 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.

#### **Financial risk management**

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

##### *Credit risk*

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

##### *Liquidity*

The company monitors its working capital requirements and cash flows to ensure that the company has sufficient available funds for operations.

# Cornwall Care Limited

## Directors' report for the year ended 31 December 2010 (continued)

### *Interest rate risk*

In order to manage interest rate risk the company has bought an interest rate cap set at a base rate of 6% and has sold an interest rate floor set at a base rate of 4.5% on its variable rate loans. The level of the hedge started at £1.5m in March 2007, stepped up to £2m in August 2007 and reached its maximum of £3m in March 2009.

This was contracted until 31 August 2010, however, as part of a review of the financing arrangements undertaken throughout 2009 and into 2010, it was replaced by an interest rate swap for £2.5m at a fixed rate of 4.72% on 18 March 2010. This arrangement is contracted to last 10 years and the notional amount fixed rises to £5m on 18 March 2011 and £7m on 19 March 2012.

### **Health and safety**

The Board receives an annual health and safety report from the management team. The report covers all health and safety issues including legislation, health and safety meetings, policies and procedures, accident reports and training needs.

### **Objectives and activities**

The Company's objects, as set out in the Company's Memorandum and Articles of Association, are

- (a) To promote the relief of and provide relief, support and assistance to individuals who by reason of old age, or physical or mental handicap, require special care and attention,
- (b) To promote and provide relief to children and young people who require special care and attention, and
- (c) To promote, in particular the relief of, and provide support and assistance to, beneficiaries who are resident in or associated with the County of Cornwall, the County of Devon and the Isles of Scilly

'Beneficiaries' means the people referred to in the points above

### **Public benefit**

The Company's charitable objectives are set out above. Throughout the year the Trustees have sought to benefit the public by

- providing care to those funded by means tested assistance from the Local Authority,
- continuing to develop and strengthen the My Options service, a facility which
  - supports people to access the benefits and funding to which they may be entitled, whether they are a client of Cornwall Care's or not,
  - runs 'memory cafés' a free service supporting people with dementia, and their family and friends, and
  - collates and maintains a database of benevolence funds which may be accessed by those in financial difficulty
- to continue to work closely with the Local Authorities on challenging and implementing change in the way that care for older people, those with dementia and those with learning difficulties is provided, and
- developing a fund within Cornwall Care which may be accessed by clients, who find themselves unable to continue to pay for our fees, be it permanent or temporary

As such the Trustees confirm that they comply with their duty to have due regard to the guidance on public benefit in exercising their powers and duties and consider it in all aspects of the charity's activities as reflected throughout the Directors' Report.

# Cornwall Care Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Objectives for the Year

The key objectives for the year were

- **Responding to the needs of our customers**
  - To be the largest independent provider of care in Cornwall by aligning our services and resources to meet commissioners' demands and shaping the services to meet individual client needs,
  - To expand our community services throughout Cornwall,
  - To pre-empt clients' needs and proactively implement services to manage extraordinary outcomes for our clients, and
  - To be the first choice for community care for private, public and health funded clients
- **Marketing, PR and customer service**
  - To understand what motivates our customers so that we can build relationships with them,
  - To emphasise the reinforcement of the brand through language, behaviour and communication promoting enquiries, dialogue and ultimately business,
  - To focus on the individual (our clients and their relatives and our colleagues) By investing in people and establishing and supporting their potential, they achieve fulfillment, gain satisfaction and continue to stay with Cornwall Care,
  - To demonstrate to our staff how valued they are, and
  - To continue to be the most expert and caring provider of services for older people and other customer groups, defined by our own standards as well as those of our clients and our commissioners
- **Developing the people**
  - To achieve flexibility and adaptability we will build on our Education, Training and Practice development bedrock by nurturing the talent within our staff, and
  - To grow a confident, competent workforce who can transfer skills to meet our clients' needs
- **Quality and risk, health and safety**
  - To provide quality care, through quality services that demonstrate that each individual member of staff practices with accountability Risk is managed through knowledgeable decision making and the health and safety process used with our clients and staff liberates aspiration rather than denying ambition
- **Developing the infrastructure**
  - To enhance the Company's internal and external environments to enable these spaces to be an integral part of the quality of care and services we deliver,
  - To contribute to the new buildings' designs, informing the creative spaces to facilitate therapeutic environments, and
  - To achieve good property management through understanding the fabric of our existing stock and adopting a systematic approach to its maintenance
- **Developing the strategy:**
  - To see the future clearly and understand the needs of the market,
  - To have the capability and confidence to plan to meet the future needs, and
  - To have our plans implemented with tangible, marketable services before the competitors can visualise the future
- **Support systems.**
  - To ensure that the Company has the required level of infrastructure, support systems and services in order to achieve its objectives

## Cornwall Care Limited

### Directors' report for the year ended 31 December 2010 (continued)

- **Maintaining financial health**

- To have high quality financial reporting in order to manage the business,
- To achieve financial stability and good financial performance by ensuring income targets are met and costs are managed satisfactorily,
- To ensure that we maintain and improve cash flows and liquidity in order to continue to operate and meet our obligations, and
- To be able to access funding (through borrowing or partnerships) in order to finance our capital development plans

#### **Strategies to achieve objectives**

The Board's focus to achieve the objectives has been the implementation of the following strategies

- **Responding to the needs of our customers** – The main aim of the current year has been to meet the increasing needs of our customers and commissioners. We continue to shape our services to provide higher levels of care. By the end of the year seven, of our eighteen homes were registered as care homes with nursing. A number of our facilities were also providing supported living services to adults with mental health issues which itself facilitated growth in our community services.
- **Marketing, PR and customer service** – A key part of our service is communicating with clients, relatives and staff. This year has seen a revamp of the company's main website and the development of a new corporate brochure with the aim of explaining our services and the complex care system in a straightforward and open manner. A review of PR resources and effectiveness has been undertaken and greater staff engagement has been the focus of the 'My Voice' staff survey.
- **Developing the people** – We continue to invest a significant amount in recruiting, training and retaining our staff at all levels. A great deal of focus has been on recruiting nursing staff for our growing nursing service and reducing staff turnover and sickness. We continue to invest in our Education, Training and Practice Development team who now operate as an Accredited Education Assessment Centre with City and Guilds.
- **Quality and risk, health and safety** – All of the company's care services continue to be rated 'Good' by the care industry regulator, Care Quality Commission. Quality services are evaluated internally using an internal audit system and feedback on the company's performance is regularly received from clients and relatives at external quality meetings.
- **Developing the infrastructure** – The year has seen significant work undertaken on our next development project at St Ives. The application for planning permission was submitted for a care home plus independent living units and a decision is expected in Spring 2011. In addition, work has progressed on identifying possible sites for new care facilities in Truro, Newquay, Bodmin, Camborne and Wadebridge. The year also saw the implementation of an in-house property team with the conversion of individual home handymen into a specialist central maintenance crew.
- **Developing the strategy** – The main activity in the year was the extension of existing care services into new areas. The major growth area in the year has been an increased implementation of nursing services and adult mental health services in supported living / extra care accommodation.
- **Support systems** – No significant work was required or completed in this area.
- **Maintaining financial health** – The financial review is set out on page 9. The margins achieved from the services we deliver continue to be very tight and our future financial success requires the organisation to provide higher need services and develop a greater private client market.

# Cornwall Care Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Activities

The principal activity of the company continues to be the provision of care for adults and older people throughout Cornwall and parts of Devon. Our clients receive quality care services that are provided in the following ways

- **My Place** – Our 18 residential care homes provide care for older frail people and those with dementia, either on a permanent basis or for rehabilitation and respite visits. Nursing services were in operation in seven of these homes during 2010
- **Extra Care / Supported Living** – A number of our properties contain independent living units which provide accommodation enabling adults with mental health issues to live semi-independent lives within the community
- **My Choice** – Our domiciliary and community care services deliver care, meals and related services to clients in their own homes
- **My Days** – Our day care services operate within each residential care home, frequently integrated within home activities
- **My Progress** – Our intermediate care or rehabilitation services can be either bed based in our homes or community based in clients' own homes
- **My Progress Plus** – Our therapy and home assessment services operate in the community providing occupational therapy and physiotherapy services and support in improving home environments
- **My Options** – Our advisory service to support carers of dementia clients

Other community based services including meals, laundry and support services that help clients maintain their independence in the community

### Achievements and performance

A review of Cornwall Care's strategy and annual plan for 2010 confirmed positive progress in a number of areas in meeting planned targets. These include

- **Financial targets** – The financial review is set out on page 9
- **Service development** – The growth of nursing, extra care/supported living and domiciliary services have enabled the organization to overcome pressures on occupancy in the first half of the year and fees in the residential care sector in the second half of the year
- **New care services** – The focus in the year has been the growth in existing care services rather than diversification into other areas. However, work continues to be undertaken on our intermediate care and therapy services (My Progress Plus) and extending our training services in the care sector
- **Quality** – The year saw significant investment in care quality and governance processes in order to improve and manage the quality of care throughout the organisation. The Care Quality Commission continues to rate all Cornwall Care services as two star (good) and we strive to better this
- **Staff** – The company continued to invest significantly in staff education and practice development. This ranges from statutory training, in-house accredited courses to leadership training and coaching. This has resulted in low staff turnover rates throughout the year and continuing client satisfaction

# Cornwall Care Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Financial review

The Statement of Financial Activities for the year is set out on page 14

In the year ended 31 December 2010, Cornwall Care Limited had net resources expended for the year before other recognised gains and losses of £0 004m and a net increase in funds of £3 401m following the actuarial gain on the defined benefit pension scheme of £3 406m. The net asset position at the year end (including pension liability) was £21 018m.

Cornwall Care Limited's income totalled £20 643m for the year which represented an increase of £0 078m (0.4%) on 2009. The main source of income continued to be fees for residential and nursing care which made up £17 965m of income while domiciliary and community based services contributed £2 175m.

Cornwall Care Limited's expenditure totalled £20 647m for the year which represented an increase of £1 001m (5.1%) on 2009. Staff and related costs continue to be the main area of expenditure representing 75.5% of total expenditure. Other key costs include premises and equipment costs, residents' costs and administration. Total expenditure also includes a £0 169m adjustment as a result of the actuarial valuation of the defined benefit scheme as detailed below.

The impact of the actuarial valuation of the defined benefit pension scheme as at 31 December 2010 has resulted in a decrease in the scheme deficit of £3 237m to £3 635m at the year end. This is shown in note 17. This movement is reflected in the following areas of the Statement of Financial Activities:

- Resources expended
  - Staff costs – excess of employer contributions over current service cost of £0 077m
  - Financial expense – excess of interest cost over the expected return on employer assets of £0 246m
- Actuarial gain on defined benefit scheme of £3 406m which includes £1 092m gain arising from past service costs following the change from RPI to CPI for annual pension increases.

The first two items decrease net incoming resources for the year by £0 169m, while the actuarial gain on the scheme of £3 406m is shown below this line.

The Directors consider the company's performance in 2010 to be good despite the defined benefit pension scheme adjustments noted above which impact significantly on the company's trading results.

### Loans

The company had two loans in operation at the year end. The Cornwall Council loan of £1m is included in 'Creditors: amounts falling due within one year' as the loan facility expired on 31 March 2009. The repayment of this loan remains outstanding.

The other loan of £6.8m is included in 'Creditors: amounts falling due in more than one year' and is the borrowing drawn down on a £20m revolving loan facility with Lloyds Banking Group which was formally agreed at a Board meeting on 11 March 2010 and came into operation on 18 March 2010. This facility runs for a five year period.

### Investment powers, policy and performance

The Trustees Investment Policy is governed by the Trustee Investment Act 2000.

Under the Memorandum and Articles of Association, the company has the power to make any investment that the Directors see fit. Short-term surplus funds are invested to give the highest rate of interest having regard to the short-term requirements of the business and future capital building programme.

# Cornwall Care Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Reserves policy

As at 31 December 2010, the company has unrestricted funds of £20 964m of which £3 193m was freely available. The balance was invested in fixed assets or was designated for other purposes as detailed in note 16 to the Financial Statements.

The company aims to maintain sufficient reserves to cover possible future deficits that may occur due to fluctuations in business activity and to take opportunities as they arise. The reserves policy is reviewed annually as part of the business plan, and to ensure the charity meets the required level of reserves.

The actuarial valuation of the Cornwall Care defined benefit pension scheme, as at 31 December 2010 for the purposes of FRS17 showed a funding deficit of £3 635m, which is included in unrestricted funds. The corresponding liability does not result in an immediate cash flow impact on the company.

Contributions to the pension plan are met through planned income. The pension liability is therefore excluded from the free reserves calculation above.

### Plans for future periods

Cornwall Care has a five year rolling business plan for 2011 to 2015. This sets the strategic direction of the organisation and forms the framework for the business plan and annual budget for 2010.

The business plan has eight domains which remain unchanged for 2011. These are summarized below and described in full on pages 6 and 7.

- Developing the infrastructure,
- Responding to the needs of our customers,
- Developing the people,
- Marketing, PR and customer service,
- Support systems,
- Developing the strategy,
- Quality and risk, health and safety, and
- Maintaining financial health

### Employees

Cornwall Care is committed to equal opportunities in employment.

The company recognises its responsibilities in relation to people with disabilities. The company gives full consideration to applicants for employment from disabled people, who adequately fulfill the requirements of the job. Should existing employees become disabled it is the company's policy, if practicable, to provide continuing employment under the company's terms and conditions and to provide appropriate training.

# Cornwall Care Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Statement of the Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare group and parent company 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 company and group and of the net incoming resources for that period.

In preparing those financial statements, the directors are required to

- Select suitable accounting policies and apply them consistently,
- Make judgments 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 company will continue in business.

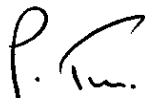
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply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

### Provision of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under section 418, the following applies

- (a) So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board



**Mr P A Turner**

Company Secretary      22 September 2011

## **Independent auditors' report to the members and Trustees of Cornwall Care Limited**

We have audited the financial statements of Cornwall Care Limited for the year ended 31 December 2010 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and with Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2010, and of the group's resources expended and application of resources, including its income and expenditure and the group's cash flows, 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 and the Charities Act 1993.

## Cornwall Care Limited

### Independent auditors' report to the members and Trustees of Cornwall Care Limited (continued)

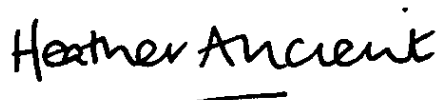
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 1993 require us to report to you if, in our opinion

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



Heather Ancient (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditors  
29 Sept 2011

PricewaterhouseCoopers LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# Cornwall Care Limited

## Consolidated statement of financial activities the year ended 31 December 2010

	Note	Restricted funds £	Unrestricted funds £	Total 2010 £	Total 2009 £
<b>Incoming resources</b>					
Incoming resources from generated funds					
- Voluntary income	3	-	100	100	11,157
- Investment income		-	16,665	16,665	6,315
Incoming resources from charitable activities					
- My Place		-	17,965,137	17,965,137	17,261,022
- My Days		-	370,014	370,014	456,220
- My Choice		-	2,174,594	2,174,594	1,993,377
- My Progress		-	38,060	38,060	75,606
Other incoming resources		-	78,505	78,505	72,349
Profit on disposal of fixed asset		-	-	-	688,949
<b>Total incoming resources</b>		-	20,643,075	20,643,075	20,564,995
<b>Resources expended</b>					
Charitable activities					
Care services	4	-	17,766,011	17,766,011	17,259,353
Support costs	4	-	2,847,221	2,847,221	2,349,273
Governance costs	4	-	33,487	33,487	36,698
<b>Total resources expended</b>		-	20,646,719	20,646,719	19,645,324
<b>Net (resources expended)/incoming resources before taxation</b>			(3,644)	(3,644)	919,671
Taxation			(1,448)	(1,448)	-
<b>Net (resources expended)/incoming resources before other recognised gains and losses</b>	5	-	(5,092)	(5,092)	919,671
Actuarial gain/(loss) on defined benefit scheme		-	3,406,000	3,406,000	(4,381,000)
Gain on revaluation of fixed assets for the Charity's own use		-	-	-	8,799,283
<b>Net movement in funds</b>		-	3,400,908	3,400,908	5,337,954
Funds brought forward		54,535	17,562,585	17,617,120	12,279,166
<b>Funds carried forward</b>		54,535	20,908,957	21,018,028	17,617,120

The group has no recognised gains and losses other than the net incoming resources before other recognised gains or losses for the year as shown above. The group has no acquisitions or discontinued operations during the years ended 31 December 2010 or 2009.

# Cornwall Care Limited

## Balance Sheets as at 31 December 2010

	Note	Group 2010 £	2009 £	Company 2010 £	2009 £
<b>Fixed assets</b>					
Tangible assets	7	31,863,255	31,440,090	31,478,091	31,440,090
Investment	8	-	-	2	1
		<b>31,863,255</b>	<b>31,440,090</b>	<b>31,478,093</b>	<b>31,440,091</b>
<b>Current assets</b>					
Stock	9	94,515	-	10,000	-
Debtors	10	1,476,147	1,529,624	1,944,494	1,529,624
Cash at bank and in hand		1,274,327	1,666,192	1,274,326	1,666,192
		<b>2,844,989</b>	<b>3,195,816</b>	<b>3,228,820</b>	<b>3,195,816</b>
Creditors amounts falling due within one year	11	(3,255,216)	(7,612,232)	(3,269,240)	(7,612,232)
<b>Net current liabilities</b>		<b>(410,227)</b>	<b>(4,416,416)</b>	<b>(40,420)</b>	<b>(4,416,416)</b>
<b>Total assets less current liabilities</b>		<b>31,453,028</b>	<b>27,023,674</b>	<b>31,437,673</b>	<b>27,023,675</b>
Creditors amounts falling due after more than one year	12	(6,800,000)	(2,534,554)	(6,800,000)	(2,534,554)
<b>Net assets excluding pension liability</b>		<b>24,653,028</b>	<b>24,489,120</b>	<b>24,637,673</b>	<b>24,489,121</b>
Defined benefit scheme pension liability	18	(3,635,000)	(6,872,000)	(3,635,000)	(6,872,000)
<b>Net assets including pension liability</b>		<b>21,018,028</b>	<b>17,617,120</b>	<b>21,002,673</b>	<b>17,617,121</b>
<b>Funds</b>					
Unrestricted funds					
- Designated funds	13	41,505	44,521	41,505	44,521
- General funds	14	3,192,538	3,025,614	3,177,183	3,025,615
- Revaluation reserve	14	21,364,450	21,364,450	21,364,450	21,364,450
Total unrestricted funds excluding Pension reserve		<b>24,598,493</b>	<b>24,434,585</b>	<b>24,583,138</b>	<b>24,434,586</b>
- Pension reserve	14	(3,635,000)	(6,872,000)	(3,635,000)	(6,872,000)
Total unrestricted funds		<b>20,963,493</b>	<b>17,562,585</b>	<b>20,948,138</b>	<b>17,562,586</b>
Restricted fund	15	54,535	54,535	54,535	54,535
		<b>21,018,028</b>	<b>17,617,120</b>	<b>21,002,673</b>	<b>17,617,121</b>

The financial statements on pages 14 to 32 were approved by the board of directors on 22/9/ 2011 and were signed on its behalf by

  
Dr A Stanhope  
Chairman

Registered No 03079623

## Cornwall Care Limited

### Consolidated cash flow statement for the year ended 31 December 2010

	Note	2010 £	2009 £
Net cash inflow from operating activities	1	851,151	1,222,546
Returns on investment and servicing of finance	2	(403,366)	(352,113)
Capital (expenditure)/income	2	(816,476)	286,209
<b>Cash outflow before financing</b>		<b>(368,691)</b>	<b>1,156,642</b>
Financing			
Loans (repaid)/received in year	3	(23,174)	226
<b>(Decrease)/Increase in cash in the year</b>		<b>(391,865)</b>	<b>1,156,868</b>

### Reconciliation of net cash flow to movement in net debt

	2010 £	2009 £
(Decrease)/increase in cash in the year	(391,865)	1,156,868
Cash movement in debt	23,174	(226)
Movement in net debt in the year	(368,691)	1,156,642
Net debt at beginning of year	(6,156,982)	(7,313,624)
Net debt at end of year	(6,525,673)	(6,156,982)

# Cornwall Care Limited

## Notes to the consolidated cash flow statement for the year ended 31 December 2010

### 1 Reconciliation of change in resources to net cash inflow from operating activities

	2010 £	2009 £
Net income resources for the year	(5,092)	919,671
Interest receivable	(16,665)	(6,315)
Profit on disposal of fixed assets	-	(688,949)
Depreciation charge	393,311	355,408
Interest payable	420,031	358,428
Increase in stock	(94,515)	-
Decrease in debtors	53,477	57,213
(Decrease)/increase in creditors	(68,396)	245,089
Pension costs	169,000	(18,000)
<b>Net cash inflow from operating activities</b>	<b>851,151</b>	<b>1,222,546</b>

### 2 Gross cash flows

	2010 £	2009 £
<b>Returns on investment and servicing of finance</b>		
Interest received	16,665	6,315
Interest paid	(420,031)	(358,428)
	<b>(403,366)</b>	<b>(352,113)</b>
<b>Capital income/(expenditure)</b>		
Proceeds of sale of tangible fixed assets	-	800,059
Payments to acquire tangible fixed assets	(816,476)	(513,850)
	<b>(816,476)</b>	<b>286,209</b>

### 3 Analysis of changes in net debt

	At 31 Dec 2009 £	Cashflows £	At 31 Dec 2010 £
<b>Cash at bank and in hand</b>	1,666,192	(391,865)	<b>1,274,327</b>
Debt falling due within one year	(5,288,620)	4,288,620	<b>(1,000,000)</b>
Debt falling due after one year	(2,534,554)	(4,265,446)	<b>(6,800,000)</b>
<b>Net debt</b>	<b>(6,156,982)</b>	<b>(368,691)</b>	<b>(6,525,673)</b>

# Cornwall Care Limited

## Notes to the financial statements for the year ended 31 December 2010

### 1. Constitution

The company was incorporated under the Companies Act 1985 as a company limited by guarantee and not having share capital. In the event of winding up, every Member of the company is liable to contribute a sum not exceeding £1 per Member towards the debts and liabilities of the company and the costs, charges and expenses of winding up. At 31 December 2010, there were 11 members (2009: 10).

### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### Accounting convention

These financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards and follow the recommendations in the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005. As a consequence, the financial statements do not include a separate income and expenditure account in the form specified by the Companies Act 2006. This is a departure from the statutory format of financial statements, but it is required by section 396 Companies Act 2006 to enable the financial statements to give a true and fair view. In all other respects, the financial statements have been prepared in accordance with the Companies Act 2006.

Consolidated financial statements have been prepared in respect of the charitable company, Cornwall Care (St Ives) Limited and Cornwall Care (Independent Living) Ltd. The results of Cornwall Care (St Ives) Limited and Cornwall Care (Independent Living) Limited have been consolidated into the statement of financial activities. Intra group transactions, balances, income and expenses are eliminated on consolidation.

Accounting policies of subsidiaries are consistent with policies adopted by the group.

In accordance with section 408 of the Companies Act 2006, a separate statement of financial activities for the company has not been presented.

#### Voluntary income

Voluntary income received by way of donations to the company is included in full in the statement of financial activities when receivable.

#### Legacy income

A legacy is recognised in the accounts when the certainty of receipt and the amount receivable has been established.

#### Charitable income

Turnover comprises the value of services undertaken by the company for its principle activities and is recognised as the service or care is provided.

#### Resources expended

Resources expended are included in the Statement of Financial Activities on an accruals basis, inclusive of any irrecoverable VAT. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Certain other costs, which are attributable to more than one activity, are apportioned across cost categories on the basis of an estimate of the proportion of time spent by staff on those activities.

Cost of activities in furtherance of the company's objects include costs which are directly related to or allocated to the operation of the care homes and provision of care services.

## Cornwall Care Limited

Governance costs are those incurred in connection with governance of the company and compliance with constitutional and statutory requirements

### **Restricted funds**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

### **Unrestricted and designated funds**

Unrestricted funds are donations and other income received or generated for the objects of the charity without further specified purpose and are available as general funds. Designated funds are unrestricted funds earmarked by the directors for particular purposes.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental expenses of acquisition.

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

- |  |                 |
|--|-----------------|
| • Freehold property                      | 50 years        |
| • Long leasehold properties              | length of lease |
| • Computer equipment                     | 4 years         |
| • Fixtures, fittings and other equipment | 4 years         |
| • Motor vehicles                         | 4 years         |
| • Long term equipment                    | 10 years        |

Freehold and long leasehold properties are revalued every two years by an independent valuation expert on an existing use basis, with the excess over the carrying value of the asset taken to the revaluation reserve. Property assets in the course of construction are included at cost.

### **Stock**

Work in progress is valued at the lower of cost, including attributable overheads, and net realisable value.

Where a development is in progress net realisable value is assessed by considering the expected future revenues and the expected costs to complete the development.

### **Leases**

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

### **Pension costs**

Some of the group's employees belong to the Cornwall Council Superannuation Fund ("CCSF") which is the defined benefit type. The CCSF assets are measured using bid values. The scheme liabilities are measured using a projected method and discounted at the current rate or return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension scheme expected to arise from employee's service in the period is charged to staff costs. The expected return on the scheme's assets and the increase during the period in the present value of the scheme liabilities arising from the passage of time are included in investment income/interest payable. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension scheme's surpluses to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

A group money purchase scheme which is a defined contribution pension is also in place. The amounts charged in respect of pension costs are the contributions payable to this scheme during the year.

## Cornwall Care Limited

### Interest rate hedging

The Company uses interest rate swap arrangements to manage its exposure to interest rate risk on its borrowings. Payments or receipts on interest rate swaps are accrued with interest payable and these derivatives are not revalued as the company does not intend to trade these financial instruments.

This represents a change in accounting policy. The Company has changed the way it accounts for interest rate hedges. Previously where the company has entered into an interest rate hedging arrangement the charge included in the accounts is adjusted for the movement in the market value of the arrangement at the year end. The directors feel that this treatment is more appropriate.

The impact on the results of the preceding period by the change would have been to reduce liabilities by £87,870 and decrease financial costs in the Statement of Financial Activities.

The impact on the results of the current period is non-recognition of a £880,198 liability and the associated financial cost in the Statement of Financial Activities.

### 3 Voluntary income

	2010 £	2009 £
Legacy	-	10,917
Donations	100	240
	<b>100</b>	<b>11,157</b>

### 4. Total resources expended

Resources expended represent the following direct costs

Group	Care Services £	Support Costs £	Governance Cost £	Total 2010 £	Total 2009 £
Staff costs	14,325,707	1,239,745	16,207	<b>15,581,659</b>	14,506,218
Resident costs	1,056,504	5,852	-	<b>1,062,356</b>	1,021,850
Premise and equipment costs	1,584,106	560,801	-	<b>2,144,907</b>	2,320,820
Communications	84,728	26,065	-	<b>110,793</b>	108,152
Legal and professional	20,069	164,831	17,280	<b>202,180</b>	244,689
Depreciation	385,941	7,941	-	<b>393,881</b>	355,408
Other care expenses	308,957	-	-	<b>308,957</b>	327,503
Other admin expenses	-	263,682	-	<b>263,682</b>	292,309
Pension financial expense	-	246,000	-	<b>246,000</b>	186,000
Loan interest payable	-	420,031	-	<b>420,031</b>	358,428
Gain on hedging instrument	-	(87,727)	-	<b>(87,727)</b>	(76,053)
	<b>17,766,011</b>	<b>2,847,221</b>	<b>33,487</b>	<b>20,646,719</b>	<b>19,645,324</b>

## Cornwall Care Limited

Company	Care Services £	Support Costs £	Governance Cost £	Total 2010 £	Total 2009 £
Staff costs	14,336,470	1,338,018	16,207	15,690,695	14,506,218
Resident costs	1,056,504	5,852	-	1,062,356	1,021,850
Premise and equipment costs	1,591,331	569,881	-	2,161,212	2,320,820
Communications	84,728	26,065	-	110,793	108,152
Legal and professional	20,069	164,831	14,880	199,780	244,689
Depreciation	378,715	7,941	-	386,656	355,408
Other care expenses	308,957	-	-	308,957	327,503
Other admin expenses	-	282,886	-	282,886	292,309
Pension financial expense	-	246,000	-	246,000	186,000
Loan interest payable	-	429,943	-	429,943	358,428
Gain on hedging instrument	-	(87,727)	-	(87,727)	(76,053)
	<b>17,776,774</b>	<b>2,983,690</b>	<b>31,087</b>	<b>20,791,551</b>	<b>19,645,324</b>

### 5 Net incoming resources for the year

This is stated after charging/(crediting)

	2010 £	2009 £
Remuneration to auditors for audit services - group	17,280	12,875
Remuneration to auditors for audit services - company	14,880	12,875
Depreciation	393,311	355,408
Rent payable - land	47,744	30,063
Rent payable - other	2,217	1,891
Interest receivable	(16,665)	(6,315)

### 6. Taxation

All of the parent company's income is applied for charitable purposes and therefore the company is exempt from corporation tax, however the trading subsidiaries are subject to corporation tax

	2010 £	2009 £
<b>Current tax</b>		
United Kingdom corporation tax at 21%	1,448	-
<b>Tax on profit on ordinary activities</b>	<b>1,448</b>	<b>-</b>

## Cornwall Care Limited

	2010 £	2009 £
Profit on ordinary activities before tax	(5,092)	919,671
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21%	(1,069)	193,131
Effects of		
Expenses not deductible for tax purposes	(1,922)	-
Other timing differences	(159)	-
Income not taxable (charitable exemption)	4,598	(193,131)
<b>Total current tax</b>	<b>1,448</b>	<b>-</b>

### 7. Tangible fixed assets

Group	Freehold property £	Long leasehold property £	Work in progress £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 January 2010	4,830,000	26,358,764	32,581	927,382	42,076	32,190,803
Additions	-	314,855	385,164	83,522	32,935	816,476
Transfers	-	19,495	(19,495)	-	-	-
<b>At 31 December 2010</b>	<b>4,830,000</b>	<b>26,693,114</b>	<b>398,250</b>	<b>1,010,904</b>	<b>75,011</b>	<b>33,007,279</b>
<b>Depreciation</b>						
At 1 January 2010	-	2,234	-	706,403	42,076	750,713
Charge for year	100,625	227,855	-	61,470	3,361	393,311
<b>At 31 December 2010</b>	<b>100,625</b>	<b>230,089</b>	<b>-</b>	<b>767,873</b>	<b>45,437</b>	<b>1,144,024</b>
<b>Net book value</b>						
<b>At 31 December 2010</b>	<b>4,729,375</b>	<b>26,463,025</b>	<b>398,250</b>	<b>243,031</b>	<b>29,574</b>	<b>31,863,255</b>
At 31 December 2009	4,830,000	26,356,530	32,581	220,979	-	31,440,090

## Cornwall Care Limited

Company	Freehold property £	Long leasehold property £	Work in progress £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 January 2010	4,830,000	26,358,764	32,581	927,382	42,076	32,190,803
Additions	-	314,855	-	83,522	32,935	431,312
Disposals	-	19,495	(19,495)	-	-	-
<b>At 31 December 2010</b>	<b>4,830,000</b>	<b>26,693,114</b>	<b>13,086</b>	<b>1,010,904</b>	<b>75,011</b>	<b>32,622,115</b>
<b>Depreciation</b>						
At 1 January 2010	-	2,234	-	706,403	42,076	750,713
Charge for year	100,625	227,855	-	61,470	3,361	393,311
<b>At 31 December 2010</b>	<b>100,625</b>	<b>230,089</b>	<b>-</b>	<b>767,873</b>	<b>45,437</b>	<b>1,144,024</b>
<b>Net book value</b>						
<b>At 31 December 2010</b>	<b>4,729,375</b>	<b>26,463,025</b>	<b>13,086</b>	<b>243,031</b>	<b>29,574</b>	<b>31,478,091</b>
At 31 December 2009	4,830,000	26,356,530	32,581	220,979	-	31,440,090

The revaluation of the company's care home freehold and leasehold properties was carried out on 31 December 2010 by Christie + Co, valuation consultants, and is based on an existing use market value £31,170,000. The historic cost of the revalued property is £6,198,982 (2009 £6,198,982).

## 8 Investment

	2010 £	2009 £
<b>Investment in subsidiaries at cost</b>		
At 1 January 2010	1	1
Addition	2	-
Dissolutions	(1)	-
<b>At 31 December 2010</b>	<b>2</b>	<b>1</b>

### Company

The company holds the whole of the issued share capital of the following companies

	Principal activity
Cornwall Care (Independent Living) Limited	Property Developer
Cornwall Care (St Ives) Limited	Property Developer

Cornwall Care (St Ives) Limited was incorporated on 18 January 2010 and carries out property development work on behalf of the company

Cornwall Care (Independent Living) Limited was incorporated on 25 January 2010 and carries out property development work on behalf of the company

# Cornwall Care Limited

## Cornwall Care (Independent Living) Limited

Summary profit and loss	2010	2009
	£	£
Turnover	6,133	-
Administrative expenses	(1,100)	-
<b>Profit on ordinary activities before taxation</b>	<b>5,033</b>	<b>-</b>
Taxation	(898)	-
<b>Profit on ordinary activities after taxation</b>	<b>4,135</b>	<b>-</b>

Summary balance sheet	2010	2009
	£	£
The assets and liabilities of the subsidiary were		
Current assets	65,447	-
Creditors amounts falling due within one year	(61,311)	-
Total net liabilities	4,136	-
<b>Aggregate share capital and reserves</b>	<b>4,136</b>	<b>-</b>

## Cornwall Care (St Ives) Limited

Summary profit and loss	2010	2009
	£	£
Turnover	13,070	-
Administrative expenses	(1,300)	-
<b>Net profit</b>	<b>11,770</b>	<b>-</b>
Taxation	(550)	-
<b>Profit on ordinary activities after taxation</b>	<b>11,220</b>	<b>-</b>

Summary balance sheet	2010	2009
	£	£
The assets and liabilities of the subsidiary were		
Current assets	404,659	-
Creditors amounts falling due within one year	(393,438)	-
Total net liabilities	11,221	-
<b>Aggregate share capital and reserves</b>	<b>11,221</b>	<b>-</b>

## 9. Stock

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Work in Progress	84,515	-	-	-
Finished Products	10,000	-	10,000	-
	<b>94,515</b>	<b>-</b>	<b>10,000</b>	<b>-</b>

## Cornwall Care Limited

### 10. Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	1,143,975	1,247,442	1,143,975	1,247,442
Amount owed by subsidiary undertaking	-	-	468,347	-
Other debtors	62,329	66,614	62,329	66,614
Prepayments and accrued income	269,843	215,568	269,843	215,568
	<b>1,476,147</b>	<b>1,529,624</b>	<b>1,944,494</b>	<b>1,529,624</b>

### 11. Creditors: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Loans due within one year	1,000,000	5,288,620	1,000,000	5,288,620
Trade creditors	437,396	505,077	455,263	505,077
Other creditors	780,907	798,172	780,907	798,172
Corporation tax	1,448	-	-	-
Taxation and social security	416,697	366,536	416,702	366,536
Accruals	189,946	229,324	187,546	229,324
Resident fees paid in advance	428,822	424,503	428,822	424,503
	<b>3,255,216</b>	<b>7,612,232</b>	<b>3,269,240</b>	<b>7,612,232</b>

The Cornwall Council loan facility was due to end on 31 March 2010 when the loan was repayable. However, it is still unclear what the intentions of Cornwall Council are as regards payment.

### 12. Creditors: amounts falling due after more than one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loan	6,800,000	2,534,554	6,800,000	2,534,554
<b>Analysis of loans</b>				
Not wholly repayable within five years by installments	-	-	-	-
Included in current liabilities	1,000,000	5,288,620	1,000,000	5,288,620
	<b>7,800,000</b>	<b>7,823,174</b>	<b>7,800,000</b>	<b>7,823,174</b>

## Cornwall Care Limited

### Loan maturity analysis

In more than one year but not more than two years	-	65,443	-	65,443
In more than two years but not more than five years	6,800,000	222,865	6,800,000	222,865
In more than five years	-	2,246,246	-	2,246,246

The company had two loans in operation at the year end

- A £6,800,000 loan with Lloyds Banking Group at a variable interest rate of 1.85% above 3-month LIBOR, and
- an interest free loan provided by Cornwall Council

The Lloyds Banking Group loan is part of a revolving loan facility which began on 18 March 2010 and runs for a five year period. The bank loan is secured as a first charge on the leasehold premises while Cornwall Council has a second charge.

The total amount of secured creditors is £7,800,000 (2009 £7,823,174)

### 13 Designated funds – Group and Company

	Balance at 1 January 2010 £	Transfer from General Fund £	Balance at 31 December 2010 £
Homes' amenities account	44,521	(3,016)	41,505

The Homes' amenities accounts are to provide minor comforts and benefits for residents as agreed by the residents and staff.

### 14. Unrestricted general funds

Group	General Fund £	Pension Fund £	Revaluation Reserve	Total £
At 1 January 2010	3,025,614	(6,872,000)	21,364,450	17,518,064
Net incoming resources	163,908	(169,000)	-	(5,092)
Actuarial gain	-	3,406,000	-	3,406,000
Transfer to amenities account	3,016	-	-	3,016
<b>At 31 December 2010</b>	<b>3,192,538</b>	<b>(3,635,000)</b>	<b>21,364,450</b>	<b>20,921,988</b>

Company	General Fund £	Pension Fund £	Revaluation Reserve	Total £
At 1 January 2010	3,025,615	(6,872,000)	21,364,450	17,518,065
Net incoming resources	148,552	(169,000)	-	(20,448)
Actuarial gain	-	3,406,000	-	3,406,000
Transfer to amenities account	3,016	-	-	3,016
<b>At 31 December 2010</b>	<b>3,177,183</b>	<b>(3,635,000)</b>	<b>21,364,450</b>	<b>20,906,633</b>

# Cornwall Care Limited

## 15. Restricted fund

	Balance at 1 January 2010 £	Incoming resources £	Resources expended	Balance at 31 December 2010 £
Grant	54,535	-	-	54,535

### Purpose of the restricted fund

A capital grant of £55,000 was received for property alterations under the Supported Living scheme at Mountford in Truro

## 16 Analysis of group net assets between funds

	Restricted Fund £	Designated Funds £	General Fund £	Pension Fund £	Revaluation Reserve £	Total £
Tangible fixed assets	54,535	-	10,444,270	-	21,364,450	31,863,255
Current assets	-	41,505	2,803,484	-	-	2,844,989
Current liabilities	-	-	(3,255,216)	-	-	(3,255,216)
Creditors due after more than one year	-	-	(6,800,000)	-	-	(6,800,000)
Pension liability	-	-	-	(3,635,000)	-	(3,635,000)
<b>At 31 December 2010</b>	<b>54,535</b>	<b>41,505</b>	<b>3,192,538</b>	<b>(3,635,000)</b>	<b>21,364,450</b>	<b>21,018,028</b>

## 17. Commitments

The group and company had the no capital commitments at the end of the year for which no provision has been made

As at 31 December 2010 annual commitments under non-cancellable operating leases were as follows

	Land and buildings 2010 £	Land and buildings 2009 £
<b>Group and company</b>		
Leases expiring		
Within two to five years	48,290	30,063

## 18. Pension costs

The group operates a defined contribution scheme whose assets are held separately from those of the group in an independently administered fund, as well as a defined benefit scheme that is detailed below

The note relates only to the Cornwall Council Superannuation Fund of Cornwall Care Limited which is the only defined benefit scheme and involves 53 (2009 58) current members of the scheme and 293 former employees (2009 289)

## Cornwall Care Limited

### Local government pension scheme

The Local Government Pension Scheme is a defined benefit scheme, with the asset held in separate trustee administered funds. The total contribution made for the year ended 31 December 2010 was £409,000 of which employer's contributions totalled £343,000 and employees' contributions totalled £66,000. The estimated employer's contributions for the year ended 31 December 2010 will be approximately £412,000.

### Principal actuarial assumptions

The principal actuarial assumptions used for calculating the liabilities as at 31 December 2010 and 31 December 2009 were as follows:

	2010	2009
Pension increase rate	3.1%	3.8%
Salary increase rate	5.1%	5.8%
Expected return on assets	6.6%	7.0%
Discount rate	5.4%	5.7%

For membership prior to 1 April 2009, an allowance is included for 40% of future retirements to elect to take additional tax-free cash sum up to HMRC limits. For membership post 1 April 2009, an allowance is included for 70% of future retirements to elect to take additional tax-free cash sum to HMRC limits.

At 31 December 2010, the assumed average life expectations on retirement age 65 are as follows:

	2010		2009	
	Male	Female	Male	Female
Current pensioners	21.3 years	23.4 years	20.8 years	24.1 years
Future pensioners	23.2 years	25.6 years	22.3 years	25.7 years

The company's share of the assets and liabilities in the scheme and the expected rate of returns were:

	31 December 2010 £	Long term rate of return	31 December 2009 £	Long term rate of return
Equities	7,947,000	7.3%	7,754,000	7.8%
Bonds	1,545,000	4.8%	1,662,000	5.1%
Properties	773,000	5.3%	665,000	5.7%
Cash	773,000	4.4%	997,000	4.8%
<b>Total market value of assets</b>	<b>11,038,000</b>	<b>6.6%</b>	<b>11,078,000</b>	<b>7.0%</b>
Present value of scheme liabilities	(14,673,000)		(17,950,000)	
<b>Deficit in the scheme</b>	<b>(3,635,000)</b>		<b>(6,872,000)</b>	

# Cornwall Care Limited

## Analysis of the amount recognised in net resources expended

	2010 £	2009 £
Current service cost	266,000	168,000
<b>Total operating charge</b>	<b>266,000</b>	<b>168,000</b>
Expected return on employers assets	776,000	611,000
Interest on pension scheme liabilities	(1,022,000)	(797,000)
<b>Pension finance expenditure</b>	<b>(246,000)</b>	<b>(186,000)</b>

### Actual return on assets

Expected return on assets	776,000	611,000
Actuarial (loss)/gain on assets	(704,000)	611,000
<b>Actual return on assets</b>	<b>72,000</b>	<b>1,222,000</b>

Expected return on assets	611,000	876,000
Actuarial loss on assets	611,000	(3,746,000)
<b>Actual return on assets</b>	<b>1,222,000</b>	<b>(2,870,000)</b>

## Analysis of amounts recognised in the statement of total financial activities (SOFA)

	2010 £	2009 £
Change in financial and demographic assumption on underlying scheme liabilities	4,110,000	(4,992,000)
Actual return less expected return on pension scheme assets	(704,000)	611,000
<b>Actuarial gain/(loss) recognised in SOFA</b>	<b>3,406,000</b>	<b>(4,381,000)</b>
Total actuarial gain recognised in SOFA at 1 January	(3,661,000)	720,000
<b>Total actuarial gain recognised in SOFA at 31 December</b>	<b>(255,000)</b>	<b>(3,661,000)</b>

Movement in deficit during the year	2010 £	2009 £
Deficit in scheme at 1 January	(6,872,000)	(2,509,000)
Service cost	(266,000)	(168,000)
Employer's contributions	343,000	372,000
Actuarial gain/(loss)	3,406,000	(4,381,000)
Net return on assets	(246,000)	(186,000)
<b>Deficit in scheme at 31 December</b>	<b>(3,635,000)</b>	<b>(6,872,000)</b>

## Cornwall Care Limited

<b>Reconciliation of liabilities</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Liabilities at start of period	17,950,000	12,365,000
Service cost	266,000	168,000
Interest cost	1,022,000	797,000
Employee's contributions	66,000	69,000
Actuarial (gain)/loss on scheme	(3,018,000)	4,992,000
Benefits paid	(521,000)	(441,000)
Past service cost	(1,092,000)	-
<b>Deficit in scheme at 31 December</b>	<b>14,673,000</b>	<b>17,950,000</b>

<b>Reconciliation of assets</b>	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Assets at start of period	11,078,000	9,856,000
Expected return on assets	776,000	611,000
Actuarial (loss)/gain	(704,000)	611,000
Employer's contributions	343,000	372,000
Employee's contributions	66,000	69,000
Benefits paid	(521,000)	(441,000)
<b>Deficit in scheme at 31 December</b>	<b>11,038,000</b>	<b>11,078,000</b>

### History of asset values, present values of liabilities and surplus/deficit

	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31 March</b>
	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>	<b>2007</b>
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fair value of assets	11,038,000	11,078,000	9,856,000	12,676,000	12,356,000
Total present value of liabilities	14,673,000	17,950,000	12,365,000	14,374,000	13,821,000
<b>Deficit</b>	<b>(3,635,000)</b>	<b>(6,872,000)</b>	<b>(2,509,000)</b>	<b>(1,698,000)</b>	<b>(1,465,000)</b>

### History of experience gains and losses

	<b>31</b>	<b>31</b>	<b>31</b>	<b>31</b>	<b>31 March</b>
	<b>December</b>	<b>December</b>	<b>December</b>	<b>December</b>	<b>2007</b>
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Experience (losses)/gains on assets	(704,000)	611,000	(6,746,000)	(363,000)	236,000
Experience losses on liabilities	-	-	-	(238,000)	(3,000)

# Cornwall Care Limited

## 19. Staff number and costs

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

	2010	2009
Care services	1,162	1,132
Management and administration	46	41
	1,208	1,173

The average monthly number of persons on a full time equivalent basis was as follows

	2010	2009
Care services	692	684
Management and administration	37	34
	729	718

The aggregate payroll costs of these persons were as follows

	2010 £	2009 £
Wages, salaries and other employment costs	13,620,764	12,705,309
Social security costs	891,160	810,042
Other pension costs	379,415	274,415
	14,891,339	13,789,766

The number of staff receiving emoluments in the following bands was as follows

	2010	2009
£60,001 - £70,000	2	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

All employees earning more than £60,000 participate in the defined benefit pension scheme. Total contributions payable for these employees amounted to £39,389 (2009 £17,219)

## 20. Remuneration of directors

The Directors of the company received no remuneration. Three directors received reimbursement for travel cost and subsistence for attending meetings and training courses which amounted to £1,041 in total (2009 £989)

The company has Directors and Officers Liability insurance with AIG (Europe) Limited which provides £2m of indemnity insurance for the directors

## Cornwall Care Limited

### **21. Related party transactions**

At 31 December 2010 the company was owed £391,166 (2009 £nil) by Cornwall Care (St Ives) Limited arising as a result of transactions during the year with a total value of £361,166 (2009 £nil)

At 31 December 2010 the company was owed £54,614 (2009 £nil) by Cornwall Care (Independent Living) Limited arising as a result of transactions during the year with a total value of £54,614 (2009 £nil)

At 31 December 2010, the company owed £6,784 (2009 £9,232) to Brewer & Bunney Limited, a company owned by Mr F D Brewer, a director of the company, as a result of transaction in the normal course of business totalling £142,108 (2009 £126,329) during the year

### **22. Custodian**

The company is custodian trustee of residents' savings bank accounts. The money held in these bank accounts at 31 December was £38,091 (2009 £37,265)

These accounts are not included within these financial statements