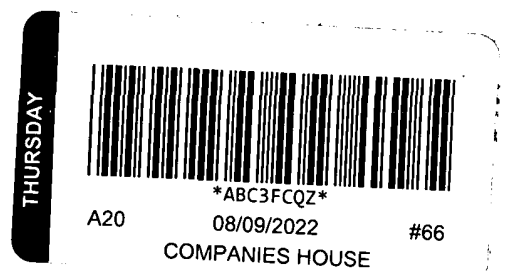


BUPA CARE HOMES (GL) LIMITED

Registered Number: 01587972

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021**



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Strategic report

The Directors present their Strategic report for Bupa Care Homes (GL) Limited ("the Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the Company for the year was that of owning and operating nursing and residential care homes primarily for the elderly. The Company, together with certain fellow UK subsidiary undertakings of the Company's ultimate parent, The British United Provident Association Limited ("Bupa"), with similar activities, form the business unit Bupa Care Services ("BCS").

Significant events

The Company issued 5,800,000 £1 ordinary shares at par during the year ended 31 December 2021.

Results

The loss for the year, after taxation, amounted to £804,000 (2020: £830,000). At the balance sheet date, the Company had net assets of £2,481,000 (2020 net liabilities: £958,000).

Following a detailed review of BCS' treatment of certain balances, the Directors have concluded that balance sheet amounts associated with the revenue in the Company should have been disclosed within this Company's balance sheet rather than in the balance sheet of Bupa Care Homes (CFHCare) Limited. This has resulted in a restatement of the previous year's reported results, see note 22 for further details.

Dividends

The Directors do not recommend the payment of a dividend for the year (2020: £nil).

Key performance indicators

The Directors monitor the performance of the business using the following KPIs:

	2021	2020	Analysis
Loss before tax (£'000)	(1,063)	(990)	The increase in loss is largely driven by the reduced occupancy driven by the impacts of the COVID-19 pandemic.
Occupancy percentage (%)	79.9	80.6	Reduction in occupancy largely driven by the impacts of the COVID-19 pandemic.
Available beds	527	527	There have been no changes during the year.

Definitions and method of calculation

Occupancy percentage is defined as the average occupied beds divided by the average available beds for the year.

Available beds are the average number of beds available for occupation during the year.

Business model

The Company provides nursing and residential care in 11 homes to around 400 residents of which 50.2% are funded wholly or partly by the public sector through Local Authorities ("LAs"), NHS Clinical Commissioning Groups ("CCGs") and other public sector commissioners.

The Company operates as part of the wider BCS business, which is a leading care homes operator in the UK. BCS provides care in 130 care homes to around 8,200 residents of which 63.0% are funded wholly or partly by the public sector as of 31 December 2021.

BCS is focused on meeting the changing healthcare needs and concerns of its residents and society. By investing in its people and services, BCS will continue to address the health and care needs of the UK's growing ageing population whilst making the case for appropriate investment from national and local government in the health and social care system to meet the cost of delivering care.

Strategic report (continued)

Business model (continued)

The UK aged care sector remains under pressure with increased costs including the ongoing impact of increases to the National Living Wage, first introduced in April 2016 which rose by 6.6% in April 2022 to £9.50. Likewise, the increase to Employer National Insurance contributions adds to the pressure on staffing costs. BCS continues to take a disciplined approach to fee negotiations with LAs, CCGs and other commissioners in order to recover the true cost of caring for publicly funded residents.

The combination of a national shortage of appropriately qualified nurses, other staff, and increased agency dependency across the sector, has seen the cost of nursing care increase. In response to this we have introduced new schemes to ensure long term availability of skilled workers, such as an apprenticeship programme.

Future outlook

BCS is committed to working to ensure that public funds for adult social care are used to the best effect. It will continue its disciplined approach to fee negotiations and has seen success in its focus on recovering the cost of caring for residents from local authority contracts.

Last year the UK Government started the process of Adult Social Care reform. It laid out plans for reforming the funding of aged care in England, including a cap of care costs, a fair cost of care and the right for self-funders to ask the Local Authority to commission their care. Alongside these proposals are plans for improving the workforce, training and skills, digitisation of the sector and structural reforms to how the sector operates.

BCS is working hard to understand this evolving landscape and position itself to meet any challenges that arise. We consistently monitor developments and are active in engaging with stakeholders to understand the policy landscape as it develops.

BCS will continue to push for adequate funding in the sector, both in the short term and over the longer term, and for local authorities and other public sector commissioners to pay for the true cost of care.

BCS is committed to providing high quality facilities and services for the UK's growing ageing population and will continue to invest in its portfolio of care homes and villages.

Engaging with our stakeholders (section 172(1) statement)

Promoting our long-term success and sustainability

This statement sets out how the Board has acted in a way that promotes the success of the Company in achieving its purpose. When making decisions, the Board takes into account:

- the likely long-term impact of the decision;
- the interests or concerns of, and impact on, our key stakeholders;
- the impact of our decisions and operations on the communities in which we operate and the environment; and
- the need to maintain a reputation for high standards of business conduct.

Engaging with our key stakeholders

We consider Bupa Group, our residents, people, suppliers and regulators to be our key stakeholder groups, and their views and concerns are taken into account in all key board decisions.

The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of different stakeholder groups do not align, the Board must decide on the best course of action to promote the Company's and Bupa's long-term sustainability and success. It is important for all levels of the business to engage with stakeholder groups to gain a better understanding of their interests and concerns and the impact our decisions have on them.

We set out below our key stakeholder groups and how we have engaged with them.

Strategic report (continued)

Engaging with our stakeholders (continued)

Residents

Residents are at the heart of our business. We aim to deliver truly outstanding, resident experiences, ensuring great clinical outcomes and value for money.

Key issues for residents include:

- excellent resident experience through great service and value;
- high quality products with broad coverage and quality care; and
- frictionless access to services, such as through digital applications.

The Board receives regular reports tracking key resident metrics, such as NPS scores, complaints and resident research, to track how we are performing for our residents.

People

Our people are at the heart of our business, supporting our residents every day. We want our people to feel engaged and empowered to deliver great outcomes for our residents, that Bupa is a great place to work and to be healthier and happier themselves. A twice-yearly people survey (People Pulse) is run in order to assess engagement. Our approach to engagement is led locally, with all teams planning actions in the light of the People Pulse results and the Board and management team engaging with our people on the issues important to them.

Regulators

Bupa's care homes are regulated by the health regulator (Care Quality Commission (CQC)) as well as other relevant regulators. Regulators ultimately aim to protect residents and ensure that they receive high levels of care and are treated fairly. This clearly aligns with our strategy to put our residents front and centre.

Our regulators expect us to:

- provide high-quality, clinically robust services;
- ensure we operate in a sustainable way; and
- have robust and effective processes and controls in place to mitigate risks to protect our residents.

We are firmly committed to achieving high standards of compliance with our regulatory obligations. We take a proactive and coordinated approach to managing regulatory risks to which we are exposed in order to reduce the risk of our residents suffering detriment and minimising any impact. We have an open and honest relationship with the health regulators and self-report incidents, work with the health regulators to ensure we meet regulatory requirements and act quickly to address any issues or concerns raised.

Suppliers

Suppliers represent our brand and are critical to delivering a high-quality service to our residents and include health care professionals, systems suppliers and suppliers of products to our care homes. We are committed to:

- treating our suppliers fairly;
- paying suppliers on time (as per contracted terms);
- selecting suppliers without prejudice and working with our suppliers to support improvements in their social, environmental and ethical practices; and
- maintaining a supply chain that reflects and aligns to our own standards of responsible business conduct.

We work with our suppliers to ensure that they have effective controls in place to protect our residents' health and safety and the security and privacy of their data.

Strategic report (continued)

Engaging with our stakeholders (continued)

Suppliers (continued)

Our sustainability agenda includes a workstream on responsible business conduct with a key focus on responsible supply chain management, including combating modern slavery. Our latest modern slavery statement can be found on [bupa.com](https://www.bupa.com) together with our responsible supply chain statement.

Communities and environment

We recognise the impact that the health of the planet can have on people's health and that our residents, people, regulators and wider society expect companies to play in their part in the communities in which they operate and to take action on issues such as climate change. We play our part in society, helping to build healthier and more resilient communities and having a positive impact on the environment. We have a dedicated Bupa Foundation in the UK to channel some of our investment.

Energy use and emissions data

In line with the Streamlined Energy and Carbon Reporting (SECR) requirements, the Company is exempt from reporting company specific information and consolidated reporting is included in the Group's 2021 Annual Report. The Group has reported its UK-based energy and carbon Scope 1 and 2 emissions and will also publish its externally assured 2019, 2020 and 2021 global Scope 1 and 2 carbon footprints to demonstrate the progress made from the 2019 baseline year during 2022. These disclosures will include a progress update on the Group's Net Zero ambitions and science-based targets, which were published in October 2021. The Group will continue to develop reporting capabilities, aligned to the Taskforce on Climate-related Financial Disclosures ("TCFD") recommendations and to our growing sustainability agenda.

Board decisions and their impact on stakeholders

The table below sets out a number of decisions taken by the Board during the year and how stakeholder views' were taken into account.

Decision	How we took stakeholders into account	Long-term implications
Capital Management	Shareholders, residents and people It is one of the main objectives of Bupa Group to maintain capital within a certain target range covering regulatory solvency. Following a capital management review during the year, the Board approved a capital injection into the Company by its' immediate parent entity.	Capital Injections are introduced to ensure that there are sufficient funds available to protect the interests of all stakeholders, while promoting more efficient capital deployment within the Group.
Transition from LIBOR to SONIA	Regulators and shareholders The London Interbank Offered Rate (LIBOR) that served as the basis of market interest benchmarks was announced to be phased out from 31 December 2021. Consequently, the Company approved the transition of a LIBOR rate intercompany loan to a Sterling Overnight Index (SONIA) interest rate.	Transition from LIBOR rates to SONIA is necessary to ensure that the Company remains compliant with regulatory changes, while promoting the success of the Company for the benefits of its members.

Principal risks and uncertainties

The Company and its strategy are subject to a number of risks and uncertainties. Management consider that the key risks and uncertainties arise as a result of chronic underfunding of social care in the UK and policy changes such as continued increases in the National Living Wage, making it difficult to plan and mitigate for such policies effectively.

Strategic report (continued)

Principal risks and uncertainties (continued)

The COVID-19 pandemic has led to considerable further financial pressure being placed on the already underfunded care sector, with significant additional costs incurred in meeting infection control, staffing and data-sharing requirements imposed by the Government. These ongoing costs are likely to continue into the future, as such it will be incumbent on local and central government to maintain the increased funding seen over the last year.

The UK's post-Brexit relationship with the EU also brings uncertainties. BCS monitored political developments closely and prepared for the operational, commercial, and legal implications of the new UK-EU relationship.

There remain risks regarding the UK Government's wider migration policy. The Government's immigration plans more generally focus on high-skilled migrants, this will impact the health and social care sector's ability to recruit sufficient staff. While the addition of care workers to the shortage occupation list is a welcome shift, this is only temporary and we await further details of the Government's long term plan for the sector's workforce. Uncertainty also remains regarding the ongoing impact on the UK economy of COVID and the UK's departure from the EU.

Further information relating to the Company, as applicable to Bupa and its subsidiaries and holding companies or subsidiaries of such holding companies ("Bupa Group") as a whole, is provided within the discussion of business risks and uncertainties section of the Bupa Group's Annual Report, which does not form part of this report.

Registered Office:

1 Angel Court
London
United Kingdom
EC2R 7HJ

1 September 2022

On behalf of the Board



Michael Harrison
Director

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts collectively for the entities which make up the 'Bupa Care Services business' for a period of 12 months from the date of approval of these financial statements which indicate that, collectively, the Bupa Care Services business may require the financial support of the Bupa Group.

Whilst those forecasts are not specific to individual entities, in considering the contribution of the Company to the Bupa Care Services combined business, the Directors have concluded the Company is dependent on Bupa Finance plc providing additional financial support during that period.

Bupa Finance plc has indicated it will continue to make available such funds as are needed by the Company, and that it will not seek repayment of the amounts due at the balance sheet date from the Company due to other entities in the group headed by Bupa Finance plc, for the period covered by the forecasts. The Directors have considered Bupa Finance plc's going concern status and based on its current position, forecast results and solvency capital, it has been concluded that Bupa Finance plc has adequate resources to provide such support to the Company as necessary. Therefore, the Directors are confident that Bupa Finance plc can provide financial support up to the level required for at least the next 12 months.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Dividends

The Directors do not recommend the payment of a dividend for the year (2020: £nil).

International Financial Reporting Standards and Financial Reporting Requirements

The ultimate parent undertaking, Bupa, has prepared group financial statements in accordance with International Financial Reporting Standards as adopted by the UK ("IFRS"). The Company is not required to report under IFRS and therefore these financial statements are prepared in accordance with applicable UK accounting standards. As the Company is a wholly owned subsidiary undertaking of Bupa, the Company qualifies for application of Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"), which has been adopted in these financial statements. FRS 101 uses the recognition and measurement bases of IFRS, while allowing exemptions from a number of disclosures required by full IFRS.

Future outlook

A discussion of the future outlook of the Company is included in the Strategic report.

Directors' report (continued)

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

N S Barker
J M Elliott (resigned 2 July 2021)
M Harrison
R Pearson (appointed 2 July 2021)
A Waton (appointed 18 March 2021)

Bupa Secretaries Limited is the Company Secretary and is not a present director.

Political and charitable donations

No political or charitable donations or contributions were made during the year (2020: £nil).

Qualifying third party indemnity provision

As at the date of this report and during the year, indemnities are in force under which the Company has agreed to indemnify the Directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as Directors of the Company.

Employees

Details of the number of persons employed and gross remuneration are contained in Note 8 to the financial statements.

Every effort is made by the Directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance.

Employment of disabled persons

The Company is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

Employment policy

The Company continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Company's performance through management channels. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

Workforce engagement

Culture and our people

The Board is responsible for ensuring that our culture is aligned with our purpose, values and strategy at all levels of the organisation. In order to do our best for our residents, we need to take care of our people, and this will lead to strong and sustainable performance to enable us to deliver our purpose.

Our culture is shaped by our values and the Bupa Code which sets out what we expect from our people to help them live our values and achieve our purpose. During the year, the Bupa Board reviewed the Group's values in light of the new strategy and approved a revised set of values: brave, caring and responsible.

Directors' report (continued)

Workforce engagement (continued)

Culture and our people (continued)

Senior managers across the Group were involved in formulating the revised values. The Bupa Board felt that the chosen values link well with Bupa's refreshed purpose and strategy and the tone of the culture that the Bupa Board aims to foster for the organisation as a healthcare company taking responsible actions and caring for its residents, people and the planet, and embracing the innovation, change and challenge required to achieve its strategy. Our new strategy requires an evolution in our culture to enable our people to drive continuous improvement and help us become a truly resident-centric organisation, whilst preserving important aspects of our culture such as maintaining a control environment that supports our risk appetite.

In addition, we have a number of leadership imperatives, endorsed by the Bupa Board, encompassing a set of competencies specific to residents, people, performance and purpose. These competencies help our senior leaders to deliver performance through putting residents at the heart of everything we do and helping our people be at their best. All employees are required to complete mandatory training on the Bupa Code and other areas including information security and privacy, risk management, conflicts of interest and financial crime.

The Board monitors culture in a number of ways including direct workforce engagement and regular people-related reporting including:

- measuring our people's engagement level and how they embody Bupa's values through our People Pulse survey tool, and considering recommendations to management in response to the survey results;
- receiving reports on the level and nature of resident complaints; and
- Leadership development, talent and succession, inclusion and diversity and employee wellbeing.

Engaging our people

We believe that our people engagement mechanisms and channels, as enhanced during the year, provide an effective means of engaging with our people. Our engagement methods are described in more detail below.

Listening

We listen to our people and promote a positive, flexible working environment and an inclusive and diverse culture so everyone can be their authentic selves at work. Our People Pulse survey tool provides sophisticated insights and benchmarking with other companies, so we can learn and listen to what is of interest or concern to our people and act, where appropriate, on what our people are telling us.

We have also rolled out an interactive employee engagement platform which enables open discussion for all of our people, including front line staff without an email address. The new employee engagement platform has further enhanced our ability to engage with employees, with Executive Directors and senior management regularly posting content about initiatives or successes and can interact with our people. Examples include asking staff to give 'shout outs' to colleagues that they see living our values and going above and beyond what is expected of them, to senior executives sharing their stories on topics such as mental wellbeing and resilience. Employee forums are also still in place for areas such as training and development, IT and security and for local office issues.

Inclusion and diversity

Our approach to diversity and our philosophy is based on inclusion for all. Be You At Bupa, our employee network in the UK raises awareness and understanding of all areas of diversity and inclusion with groups focusing on topics including gender, ethnicity, LGBTQ+, mental wellbeing, ability, faith and working families. The recruitment, training, career development and promotion of all employees is based on the skills, knowledge and experience of the individual and takes no account of age, disability, race, beliefs, gender, sexual orientation or other characteristics. Should employees become disabled during employment, every effort is made to continue their employment and, if necessary, appropriate training is provided.

Directors' report (continued)

Workforce engagement (continued)

Inclusion and diversity (continued)

Having a diverse workforce and an inclusive, accessible working environment, brings fresh views to the table and reflects the residents we serve and communities within which we operate. Our sustainability and ESG agenda strategy aims to promote diversity and inclusion during 2021 by further embedding a culture that gives our people the freedom to be their whole selves at work, empower diverse and high performing teams and ensure that our people practices and policies support our people.

Statement of corporate governance arrangements

The Group adheres to the policies and procedures adopted by the Bupa Group. Bupa complies with the UK Corporate Governance Code 2018 ("Code") and ensures that its governance responsibilities under the Code are enacted effectively with relevant provisions and principles being applied throughout the Bupa Group.

Financial risk management

The Company is exposed to financial risk through its financial assets and its financial liabilities. The most important components of financial risk are price risk, credit risk and liquidity risk. The Company uses forward purchases of energy to mitigate the risks associated with fluctuations in energy prices. The Company is not exposed to material interest rate or currency risk.

Price risk

The Company has exposure to general price risk resulting from inflationary pressures. The Company has implemented policies to ensure it gets value for money from its service providers while ensuring the highest quality treatment is provided to residents. The Company has no exposure to equity securities price risk as it holds no listed equity investments.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. The main area where the Company is exposed to credit risk is in relation to amounts due from customers, which are regularly monitored and considered for recoverability. The risk in relation to these balances being irrecoverable is not considered to be material.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due. The Company has no external debt financing. The Company has access to financing from fellow group companies that is designed to ensure that it has sufficient available funds to meet its obligations as they fall due.

Independent auditors

PricewaterhouseCoopers LLP (PwC) was appointed as the Group's independent external auditors at the 2021 AGM following a competitive tender process and was subsequently appointed as the Company's auditors, following the resignation of KPMG LLP. PricewaterhouseCoopers LLP have indicated their willingness to continue in office and will be deemed to be reappointed pursuant to Section 487(2) of the Companies Act 2006.

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also 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.

Directors' confirmations

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the 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 auditors are aware of that information.

Registered Office:

1 Angel Court
London
United Kingdom
EC2R 7HJ

1 September 2022

On behalf of the Board



Michael Harrison
Director

Independent auditors' report to the members of Bupa Care Homes (GL) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Bupa Care Homes (GL) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2021; the Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent auditors' report to the members of Bupa Care Homes (GL) Limited (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

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 year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Independent auditors' report to the members of Bupa Care Homes (GL) Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Care Quality Commission (Registration) Regulations 2009, Health and Social Care Act 2008 and Workplace (Health, Safety and Welfare) Regulations 1992, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect fraudulent financial reporting;
- Testing accounting estimates that we deemed to present a risk of material misstatement, including challenging management on the supporting documents provided for the same;
- Identifying and testing journal entries using a risk-based targeting approach for unexpected account combinations or unusual words or phrases in the journal description; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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.

Independent auditors' report to the members of Bupa Care Homes (GL) Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Elizabeth Ross-Jones (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Leeds

1 September 2022

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Turnover	5	26,492	27,330
Cost of sales		(24,636)	(24,188)
Gross profit		1,856	3,142
Other income	6	1,479	1,134
Administrative expenses		(1,158)	(1,358)
Other operating expenses		(1,810)	(2,127)
Operating profit	7	367	791
Interest receivable and similar income	9	82	131
Interest payable and similar expenses	10	(1,512)	(1,912)
Loss before taxation		(1,063)	(990)
Tax on loss	11	259	160
Loss for the financial year		(804)	(830)
<i>Items that will not be reclassified to profit or loss:</i>			
Unrealised loss on revaluation of properties	13	(2,076)	(1,086)
Movement on deferred tax relating to revaluation reserve	18	519	206
Other comprehensive expense for the year, net of tax		(1,557)	(880)
Total comprehensive expense for the year		(2,361)	(1,710)

All activities relate to continuing operations.

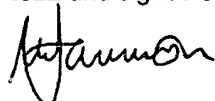
The notes on pages 18 to 35 form part of these financial statements.

Balance sheet as at 31 December 2021

	Note	2021 £'000	Restated 2020 £'000
Fixed assets			
Tangible assets	13	64,817	68,717
Current assets			
Debtors	14	12,316	5,379
Creditors: amounts falling due within one year	15	(2,754)	(2,363)
Net current assets		9,562	3,016
Total assets less current liabilities		74,379	71,733
Creditors: amounts falling due after more than one year	16	(71,898)	(72,304)
Provisions for liabilities	18	-	(387)
Net assets / (liabilities)		2,481	(958)
Capital and reserves			
Called up share capital	19	18,000	12,200
Revaluation reserve		13,578	15,135
Profit and loss account		(29,097)	(28,293)
Total Shareholders' funds / (deficit)		2,481	(958)

Some comparatives have been restated to correct presentational error, see note 22 for further details.

The financial statements on pages 15 to 35 were approved by the Board of Directors on 1 September 2022 and signed on its behalf by



Michael Harrison
Director

Registered number: 01587972

1 September 2022

The notes on pages 18 to 35 form part of these financial statements.

Statement of changes in equity for the year ended 31 December 2021

	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' (deficit)/funds £'000
Balance as at 1 January 2021	12,200	15,135	(28,293)	(958)
Loss for the year	-	-	(804)	(804)
Other comprehensive expense for the year	-	(1,557)	-	(1,557)
Total comprehensive expense for the year	-	(1,557)	(804)	(2,361)
Issue of shares (note 19)	5,800	-	-	5,800
Total transactions with Owners, recognised directly in equity	5,800	-	-	5,800
Balance as at 31 December 2021	18,000	13,578	(29,097)	2,481
 Balance as at 1 January 2020	 12,000	 16,015	 (27,463)	 552
Loss for the year	-	-	(830)	(830)
Other comprehensive expense for the year	-	(880)	-	(880)
Total comprehensive expense for the year	-	(880)	(830)	(1,710)
Issue of shares (note 19)	200	-	-	200
Total transactions with Owners, recognised directly in equity	200	-	-	200
Balance as at 31 December 2020	12,200	15,135	(28,293)	(958)

The notes on pages 18 to 35 form part of these financial statements.

Notes to the financial statements

1. General information

Bupa Care Homes (GL) Limited is a private company limited by shares, incorporated and domiciled in England. Its registered office and principal place of business is:

1 Angel Court
London
United Kingdom
EC2R 7HJ

2. Accounting policies

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.

(a) Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of land and buildings, in accordance with applicable UK accounting standards.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. In preparing these financial statements, the Company applies the recognition, measurement, and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with the Companies Act 2006 as applicable to companies using FRS 101 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(b) Exemptions from the requirements of IFRS

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A statement of cash flows for the period (IAS 1.10(d), 111);
- A statement of compliance with all IFRS (IAS 1.16);
- IAS 7, 'Statement of cash flows';
- A statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement (IAS 1.10(f), 38A-38D, 40A-40D);
- A reconciliation of carrying amount of property, plant and equipment at the beginning and end of the period (IAS 16.73(e));
- A reconciliation of carrying amount of intangible assets at the beginning and end of the period (IAS 38.118(e));
- Disclosure of related party transactions entered between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- Information relating to the entities objectives, policies and processes for managing capital (IAS 1.134-136);
- Information relating to new IFRS standards which have been issued but which are not yet effective, including an assessment of the possible impact that it will have when it is adopted for the first time (IAS 8.30-31);

Notes to the financial statements (continued)

2. Accounting policies (continued)

(b) Exemptions from the requirements of IFRS (continued)

- Disclosure of key management personnel remuneration (IAS 24.17); and
- Disclosure of amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity (IAS 24.18A).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As the consolidated financial statements of Bupa (Note 4) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7, Financial Instruments: Disclosures and IFRS 13, Fair Value Measurement regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

(c) New standards, amendments and IFRIC interpretations

The following financial reporting standards, amendments and interpretations have been issued but are not effective for the year ended 31 December 2021 and have not been early adopted by the Company. They are not expected to have a significant impact when they are effective.

- IFRS 17, Insurance Contracts; and
- IAS 1, Presentation of Financial Statements, IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors and IAS 12, Income Taxes.

(d) Exemption from consolidation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group (note 4).

(e) Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts collectively for the entities which make up the 'Bupa Care Services business' for a period of 12 months from the date of approval of these financial statements which indicate that, collectively, the Bupa Care Services business may require the financial support of the Bupa Group.

Whilst those forecasts are not specific to individual entities, in considering the contribution of the Company to the Bupa Care Services combined business, the Directors have concluded the Company is dependent on Bupa Finance plc providing additional financial support during that period.

Bupa Finance plc has indicated it will continue to make available such funds as are needed by the Company, and that it will not seek repayment of the amounts due at the balance sheet date from the Company due to other entities in the group headed by Bupa Finance plc, for the period covered by the forecasts. The Directors have considered Bupa Finance plc's going concern status and based on its current position, forecast results and solvency capital, it has been concluded that Bupa Finance plc has adequate resources to provide such support to the Company as necessary. Therefore, the Directors are confident that Bupa Finance plc can provide financial support up to the level required for at least the next 12 months.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes to the financial statements (continued)

2. Accounting policies (continued)

(f) Turnover

Turnover is measured as the consideration specified in a contract with a resident and is recognised when control of a product or service is transferred to a resident.

The Company recognises the majority of its revenue from resident care fees that typically relate to short term services that have fixed, rather than variable, transaction prices and there is generally no significant judgement required when considering the time pattern of revenue recognition. Every resident has an individual contract that specifies the service being provided, being the performance obligation, and the transaction price. The performance obligation is the provision of care which is satisfied over the period of the contract as such the turnover is recognised as the service is transferred to the resident.

(g) Other income

The Company recognises the grant income within its profit and loss account when the conditions of the schemes have been met on a straight line basis as it incurs the expenses to which the grant is related.

(h) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial assets is recognised using the original effective interest rate.

(i) Employee benefits

Bupa operates a defined contribution pension scheme, The Bupa Retirement Savings Plan, in which the Company participates. The assets of the scheme are held separately from those of the Company in independently administered funds. This scheme was opened with effect from 1 October 2002 and is available to join on a voluntary basis to permanent employees of Bupa.

Contributions to defined contribution pension schemes are recognised as an expense in the statement of comprehensive income as incurred.

The National Employment Savings Trust (NEST) has been used to meet the Company's automatic enrolment duties for UK employees.

Notes to the financial statements (continued)

2. Accounting policies (continued)

(j) Leases

The Company's leases relate to properties. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Property leases will often include extension and termination options, open market rent reviews, indexation uplifts or fixed uplifts.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the individual lessee company's incremental borrowing rate taking into account the duration of the lease.

Lease payments include fixed payments, variable lease payments that depend on an index or a rate, payments related to optional extension and termination periods if the Company is reasonably certain to exercise or not to exercise the option, respectively. Variable lease payments included in the lease liability do not include increases or decreases that are dependent on a future unknown index or rate.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or re-assessment of an extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right-of-use asset, excluding restorations costs, is depreciated on a straight-line basis over the lease term. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts. Restoration costs included in the right-of-use asset are amortised over the same term as the corresponding provision, which may be longer than the IFRS 16 contractual lease term.

The Company has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (less than £4,000). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

(k) Taxation and deferred taxation

The taxation expense on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in the statement of profit or loss account except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in the statement of comprehensive income.

Current taxation is the expected taxation payable on the taxable profit for the year, using taxation rates enacted or substantively enacted at the balance sheet date, and any adjustments to taxation payable in respect of previous years.

Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Notes to the financial statements (continued)

2. Accounting policies (continued)

(k) Taxation and deferred taxation (continued)

The following temporary differences are not recognised: goodwill not deductible for taxation purposes and the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The amount of deferred taxation recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation rates enacted or substantively enacted at the balance sheet date.

Deferred taxation is recognised on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Trading losses surrendered to other Bupa Group subsidiary undertakings are made on a full payment basis.

(l) Tangible assets

Land and buildings comprise mainly of care homes and offices. Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount and at every three years. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as revaluation reserve in shareholders' funds. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve; all other decreases are charged to the profit and loss account of the period they are incurred.

Each year the difference between depreciation based on the revalued carrying amount of the asset and the original cost is transferred from revaluation reserve to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Right-of-use property	Term of the lease
Freehold buildings	50 years
Fixtures, fittings and equipment	3 to 50 years

Notes to the financial statements (continued)

2. Accounting policies (continued)

(l) Tangible assets (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income in the profit and loss account in the period they arise.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

(m) Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

(n) Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss or at amortised cost. It does not have any assets categorised as fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and recognises them at fair value.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise they are classified as non-current investments.

b) Amortised cost

Financial assets where the contractual characteristics represent solely payments of principal and interest and the objective is to hold the instrument to collect cash flows over its life. Amortised cost financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's amortised cost financial assets comprise trade receivables, accrued income and amounts owed by group undertakings.

Notes to the financial statements (continued)

2. Accounting policies (continued)

(n) Financial assets (continued)

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Fair values are determined by reference to active market or using valuation techniques where no active market exists. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Amortised cost financial assets are subsequently carried at amortised cost.

Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss' category are presented in the profit and loss account within interest income or expenses in the period in which they arise.

Impairment of financial assets

Under IFRS 9, impairment provisions for expected credit losses ('ECL') are recognised for financial assets measured at amortised cost. An allowance for either 12-month or lifetime ECL is required, depending on whether there has been a significant increase in credit risk since initial recognition. The measurement of ECL reflects a probability-weighted outcome, the time value of money and the best available forward-looking information. The Company measures the loss allowance for trade receivables using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the receivable.

(o) Share capital

Ordinary shares are classified as equity.

(p) Provisions

Provisions are recognised when:

- the Company has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(q) External invoiced liabilities

The accounts payable balance arising from the care home operations are reported in the financial statements of Bupa Insurance Services Limited ('BISL'), another Bupa Group company. These costs are transferred to the Company through the intercompany current account. BISL will settle these invoices on behalf of the Company.

Notes to the financial statements (continued)

2. Accounting policies (continued)

(r) Accruals

Accruals arising from care home operations are disclosed in the balance sheet of Bupa Care Homes (CFHCare) Limited ('CFHCare'), another Bupa Group company. The cost associated with the accruals are transferred to the Company through its intercompany current account with CFHCare.

(s) Customer contract debtors, accrued and deferred income

Debtors are amounts due from residents for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Customers are invoiced for a specified period of time in accordance with an agreed contract. If at the reporting date the amount invoiced to the resident exceeds the services provided by the company deferred income is recognised. If the services provided by the company exceed the amount invoiced accrued income is recognised.

3. Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Property valuations

The Company has a significant portfolio of care homes and fluctuations in the value of this portfolio can have significant impact on the profit and loss account and balance sheet of the Company.

Sensitivity analysis

The significant assumptions used in the calculation of the fair values of the properties are average occupancy 85.4% (2020: 81.2%) and average capitalisation rate 10.4% (2020: 10.7%). The valuations are most sensitive to changes in capitalisation rate assumptions and a reasonable increase / decrease of 0.5% in capitalisation rates would decrease / increase the total carrying value of freehold properties by £(3,536,000) / £4,098,000 (2020: £(3,432,000)/£3,937,000).

(b) Useful economic lives of tangible fixed asset

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Sensitivity analysis

As indicated in note 2(l) the estimated useful lives of items of fixtures, fittings and equipment range from 2-50 years. However, the actual useful lives might be shorter or longer. Based on the current useful lives the carrying amount is expected to be £12,717,000 (2020: £12,553,000). If the useful lives were two years longer the carrying amount would instead be £13,189,000 (2020: £12,968,000) and if they were two years shorter, the carrying amount would be £11,562,000 (2020: £11,557,000).

Notes to the financial statements (continued)

4. Immediate and ultimate parent company

The immediate parent undertaking of the Company is Bupa Care Homes (ANS) Limited, with its registered office at 1 Angel Court, London, United Kingdom, EC2R 7HJ.

The ultimate parent undertaking of the Company, and the largest group into which these financial statements are consolidated, is Bupa, with its registered office at 1 Angel Court, London, United Kingdom, EC2R 7HJ. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc with its registered office at 1 Angel Court, London, United Kingdom, EC2R 7HJ.

Copies of the financial statements of both companies can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

5. Turnover

Turnover comprises

	2021 £'000	2020 £'000
Care homes operations	26,492	27,330

6. Other income

	2021 £'000	2020 £'000
Infection control grant	1,260	1,134
Lease remeasurement	219	-
	1,479	1,134

During the year, as part of the governmental support package in relation to the COVID-19 pandemic the Company received an infection control grant of £1,260,000 (2020: £1,134,000).

The most recent Adult Social Care Infection Control Fund is worth £388,000,000. Between October 2021 and March 2022 there is also a £462,500,000 Workforce Recruitment and Retention fund available to the sector. The primary purpose of these funds is to support adult social care providers, including those with whom the local authority does not have a contract, to reduce the rate of COVID-19 transmission in and between care homes and support wider workforce resilience.

Due to its success in limiting the transmission of COVID-19 within and between care settings, supporting the testing programme and enabling investment in front line staff, government, through the Department of Health and Social Care have supported the wider social care sector with £2,800,000,000 in grants since June of 2020.

The lease remeasurement income is an adjustment to the opening balance of the lease liability on adoption of IFRS 16 which is being treated as a current year income statement item.

7. Operating loss

Operating loss is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets	2,603	2,579
Impairment of tangible fixed assets	866	1,420
Expenses relating to short term leases	45	48

Fees for the audit of the Company of £15,000 (2020: £24,000) for the year ended 31 December 2021 were borne by another Group Company, Bupa Limited. There have been no non-audit services provided by the Company's auditors (2020: none).

Notes to the financial statements (continued)

8. Staff costs and directors' remuneration

(i) Staff costs

The average monthly number of persons employed by the Company during the year, analysed by category, was:

	2021 Number	2020 Number
Health care	560	588

The aggregate payroll costs of those persons were as follows:

	2021 £'000	2020 £'000
Wages and salaries	15,334	15,888
Social security costs	1,093	1,057
Other pension costs	51	41
	16,478	16,986

(ii) Directors' remuneration

The emoluments of the Directors are borne entirely by Bupa Group undertakings and are disclosed in the financial statements of those companies. Directors may also serve as Directors of other Bupa Group companies and part of their emoluments may be attributed to and disclosed in the financial statements of those companies. The total attributable value of Directors emoluments assigned to the Company for the year was as follows:

	2021 £'000	2020 £'000
Emoluments	80	95
Company contributions for defined contribution pension scheme	5	12
Amounts receivable under long-term incentive schemes	34	20
	119	127

The remuneration of the highest paid Director was:

	2021 £'000	2020 £'000
Emoluments	430	227
Company contributions for defined contribution pension scheme	29	63
Amounts receivable under long-term incentive schemes	246	107
	705	397

9. Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable from Bupa group undertakings	82	131
	82	131

Notes to the financial statements (continued)

10. Interest payable and similar expenses

	2021 £'000	2020 £'000
Interest payable to Bupa group undertakings	647	1,002
Finance charge in respect of leases	865	910
	1,512	1,912

11. Tax on loss

(i) Tax included in profit or loss

	2021 £'000	2020 £'000
UK corporation tax on loss for the year	81	31
Adjustments in respect of prior periods	(80)	(61)
Total current tax credit	1	(30)
Deferred tax		
Origination and reversal of timing differences	(229)	(74)
Change in tax rates	122	85
Adjustments in respect of prior periods	(153)	(141)
Total deferred tax credit	(260)	(130)
Total tax credit on loss	(259)	(160)

The UK corporation tax rate will increase from 19% to 25% with effect from 1 April 2023.

(ii) Current and deferred taxation recognised directly in other comprehensive income

	2021 £'000	2020 £'000
Deferred taxation charge in respect of:		
Unrealised loss on revaluation of property	(519)	(206)
Total tax credit included in other comprehensive income	(519)	(206)

(iii) Reconciliation of standard tax rate

The tax credit assessed for the year is higher (2020: lower) than the standard rate of Corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Loss before taxation	(1,063)	(990)
Loss before taxation at standard UK corporation tax rate of 19% (2020: 19%)	(202)	(188)
Effects of:		
Expenses not deductible for tax purposes	399	506
Non-assessable income	(243)	-
Deferred tax on property movement	(14)	(361)
Adjustments in respect of current income tax of previous years	(80)	(61)
Adjustments in respect of deferred tax of previous years	(153)	(140)
Change in taxation rates	34	84
Total tax credit on loss	(259)	(160)

Notes to the financial statements (continued)

11. Tax on loss (continued)

The standard rate of UK corporation tax is 19% and took effect from 1 April 2017. However, in March 2021, Finance Bill 2021 included a measure to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. Finance Bill 2021 was enacted in June 2021 and accordingly these rates are applicable in the measurements of deferred tax asset and liabilities as at 31 December 2022.

12. Related undertakings

In accordance with Section 409 of the Companies Act 2006, details of the related undertaking of the Company as at 31 December 2021, which has its registered office at 1 Angel Court, London, United Kingdom, EC2R 7HJ, is disclosed below:

Name of undertaking	Share class held	% Held
Fulford Grange Medical Centre Limited*	A Ordinary	100

* JV – actual % ownership by the Company is 50%

13. Tangible assets

	Right of use Property £'000	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation				
At 1 January 2021	8,589	48,891	22,979	80,459
Additions	-	25	1,643	1,668
Reversal of depreciation on revaluation	-	(467)	-	(467)
Revaluations	-	(2,076)	-	(2,076)
Impairments	-	(866)	-	(866)
Remeasurements	(23)	-	-	(23)
At 31 December 2021	8,566	45,507	24,622	78,695
Accumulated depreciation				
At 1 January 2021	1,316	-	10,426	11,742
Charge for the year	657	467	1,479	2,603
Reversal of depreciation on revaluation	-	(467)	-	(467)
At 31 December 2021	1,973	-	11,905	13,878
Net book value				
At 31 December 2021	6,593	45,507	12,717	64,817
At 31 December 2020	7,273	48,891	12,553	68,717

The Company's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 30 November 2019 on the basis of existing use. The valuation was made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations were incorporated into the balance sheet at 31 December 2019. Other tangible assets are stated at cost. The Directors have performed a review of freehold land and buildings as at 31 December 2021. This review has resulted in a revaluation loss of £2,942,000 (2020: loss £2,506,000) against the value of certain freehold land and buildings. Other tangible assets are stated at cost less impairment.

Notes to the financial statements (continued)

14. Debtors

Amounts falling due after more than one year	2021 £'000	2020 £'000
Deferred tax asset (note 18)	392	-
<hr/>		
Amounts falling due within one year	2021 £'000	Restated 2020 £'000
Trade receivables	2,232	1,950
Amounts owed by Bupa group undertakings	9,347	2,922
Prepayments and accrued income	345	507
	<hr/>	<hr/>
	11,924	5,379

Amounts have been restated to correct previous presentation error. See Note 22 for details of restatement.

Trade receivables fall due within one year. Trade receivables are stated after provisions for impairment of £45,000 (2020: £6,000).

Amounts owed by Bupa group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

15. Creditors: amounts falling due within one year

	2021 £'000	Restated 2020 £'000
Accruals and deferred income	1,535	1,322
Other creditors	347	178
Lease liability (Note 17)	872	863
	<hr/>	<hr/>
	2,754	2,363

Amounts have been restated to correct previous presentation error. See note 22 for details of restatement.

Amounts owed to Bupa group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements (continued)

16. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Loans from Bupa group undertakings	57,949	57,301
Lease liabilities (Note 17)	13,949	15,003
	71,898	72,304

Loans owed to Bupa group undertakings are repayable on the 10th anniversary of their issue as follows:

	Date issued	Repayment date	Interest rate	2021 £'000	2020 £'000
Bupa Care Homes (CFG) plc	December 2013	December 2023	Six months LIBOR plus 110 basis points	57,949	57,301

Following the Financial Conduct Authority (FCA) decision to wind down the LIBOR (London Inter-Bank Offered Rate) interest rate benchmark, the Company's loans were transferred to SONIA (Sterling Overnight Index Average) from 1 December 2021.

17. Lease liabilities

	2021 £'000	2020 £'000
At 1 January	15,864	16,587
Interest on lease liabilities (Note 10)	865	910
Payments	(1,665)	(1,633)
Remeasurement	(243)	-
	14,821	15,864

The maturity of the undiscounted contractual cashflows are as follows:

	2021 £'000	2020 £'000
Less than one year	1,843	1,727
Two to five years	7,535	7,418
Greater than five years	10,388	12,377
	19,766	21,522

The property leases in the Company do not contain extension or termination options.

The Company is not committed to any leases that have not yet commenced.

Additional lease disclosures are included in notes 10, 15, and 16.

Notes to the financial statements (continued)

18. Provisions for liabilities and charges

Deferred tax

Deferred taxation is analysed as follows

	2021 Assets £'000	2021 Liabilities £'000	2021 Total £'000	2020 Assets £'000	2020 Liabilities £'000	2020 Total £'000
Accelerated capital allowances	1,243	-	1,243	909	-	909
Revaluation of properties to fair value	-	(851)	(851)	-	(1,296)	(1,296)
	1,243	(851)	392	909	(1,296)	(387)

The movement in deferred taxation is as follows

	At 1 January 2021 £'000	Recognised in profit and loss account £'000	Recognised in other comprehensive expense £'000	At 31 December 2021 £'000
Accelerated capital allowances	909	334	-	1,243
Revaluation of properties to fair value	(1,296)	(74)	519	(851)
	(387)	260	519	392

	At 1 January 2020 £'000	Recognised in profit and loss account £'000	Recognised in other comprehensive expense £'000	At 31 December 2020 £'000
Accelerated capital allowances	945	(36)	-	909
Revaluation of properties to fair value	(1,668)	166	206	(1,296)
	(723)	130	206	(387)

The UK corporation tax rate will increase from 19% to 25% with effect from 1 April 2023. Deferred tax on temporary differences expected to reverse after this date are recognised at 25%.

19. Called up share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
Equity interest		
18,000,100 (2020: 12,200,100) ordinary shares of £1 each	18,000	12,200

The Company issued 5,800,000 (2020: 200,000) £1 ordinary shares at par during the year ended 31 December 2021. The consideration received was settled by the conversion of amounts owing to group undertakings.

Notes to the financial statements (continued)

20. Contingent liabilities, guarantees and other financial commitments

(i) Contingent liabilities

Under a group registration the Company is jointly and severally liable for Value Added Tax due by certain other Bupa Group companies.

(ii) Guarantees

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Bupa Group undertakings.

(iii) Financial commitments

The Company has no financial commitments at the yearend (2020: £nil).

(iv) Capital commitments

The Company has outstanding capital commitments at the end of the year of £nil (2020: £nil).

21. Related party transactions

The Company has applied the disclosure exemptions available under FRS 101 in respect of transactions with wholly owned subsidiaries within the consolidated group.

See Note 8 for disclosure of the Directors' remuneration.

Notes to the financial statements (continued)

22. Restatement: prior period adjustments

In previous years the accounts receivable and accrued and deferred income balances arising from care home operations were recorded in Bupa Care Homes (CFHCare) Limited with the associated income transferred to the Company through its intercompany current account. Following a detailed review of BCS' processes the Directors have concluded that these balance sheet amounts associated with the revenue in the Company should be disclosed separately in the Company's balance sheet rather than in the balance sheet of Bupa Care Homes (CFHCare) Limited.

The change has been reflected in all the balance sheets presented with the impact on the opening balance sheet for the earliest year presented in these financial statements included below.

As at 31 December 2020	As previously disclosed £'000	Adjustments £'000	As restated £'000
Fixed assets			
Tangible assets	68,717	-	68,717
	68,717	-	68,717
Current assets			
Debtors: amounts falling due within one year	3,879	1,500	5,379
	3,879	1,500	5,379
Creditors: amounts falling due within one year	(863)	(1,500)	(2,363)
Net current assets	3,016	-	3,016
Total assets less current liabilities	71,733	-	71,733
Creditors: amounts falling due after more than one year	(72,304)	-	(72,304)
Provisions	(387)	-	(387)
Net liabilities	(958)	-	(958)
Capital and reserves			
Called up share capital	12,200	-	12,200
Revaluation reserve	15,135	-	15,135
Profit and loss account	(28,293)	-	(28,293)
Total shareholders' deficit	(958)	-	(958)

The reclassification in debtors includes trade receivables of £1,950,000 and accrued income of £507,000 from amounts owed by Bupa Group undertakings. The adjustment has impacted the items within the same note therefore no impact of this on the balance sheet of the Company

The reclassification from debtors to creditors includes other payables of £178,000 and deferred income of £1,322,000 from amounts owed by Bupa Group undertakings.

Notes to the financial statements (continued)

22. Restatement: prior period adjustments

As at 31 December 2019	As previously disclosed £'000	Adjustments £'000	As restated £'000
Fixed assets			
Tangible assets	73,754	-	73,754
	73,754	-	73,754
Current assets			
Debtors: amounts falling due within one year	409	1,572	1,981
	409	1,572	1,981
Creditors: amounts falling due within one year	(725)	(1,572)	(2,297)
Net current liabilities	(316)	-	(316)
Total assets less current liabilities	73,438	-	73,438
Creditors: amounts falling due after more than one year	(72,163)	-	(72,163)
Provisions	(723)	-	(723)
Net assets	552	-	552
Capital and reserves			
Called up share capital	12,000	-	12,000
Revaluation reserve	16,015	-	16,015
Profit and loss account	(27,463)	-	(27,463)
Total shareholders' funds	552	-	552

The reclassification in debtors includes trade receivables of £2,048,000 and accrued income of £552,000 from amounts owed by Bupa Group undertakings. The adjustment has impacted the items within the same note therefore no impact of this on the balance sheet of the Company

The reclassification from debtors to creditors includes other payables of £200,000 and deferred income of £1,372,000 from amounts owed by Bupa Group undertakings.