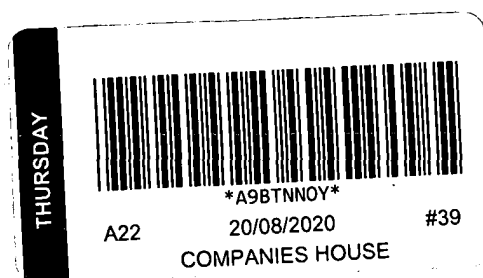


BUPA CARE HOMES (CFG) PLC

Registered Number: 01969735

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

31 DECEMBER 2019



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Strategic Report

The Directors present their Strategic Report for Bupa Care Homes (CFG) plc ("the Company") for the year ended 31 December 2019.

Business Review

The principal activity of the Company for the year was to act as a holding company for a number of direct subsidiaries that are engaged in owning and operating nursing and residential homes for the elderly. The Company, together with fellow UK subsidiary undertakings of The British United Provident Association ("Bupa"), with similar activities, form Bupa Care Services ("BCS").

Significant Events

During the year the liquidation and dissolution of the Company's 100% subsidiary Bupa Care Homes Group Limited was completed. This process resulted in a dividend in specie from Bupa Care Homes Group Limited for its investment in the Company's indirect subsidiary Bupa Care Homes (ANS) Limited. The Company's investment in Bupa Care Homes Group Limited was written off following the dividend. The write off offset with the dividend income resulting in no gain or loss. Bupa Care Homes (ANS) Limited is now a 100% direct subsidiary of the Company.

On 11 October 2019, the entire issued share capital of the Company was acquired by Group Bupa Sanitas S.L.U and subsequently, on 29 October 2019, the entire issued share capital of the Company was acquired by Bupa Finance Plc, both shareholders being fellow subsidiaries within Bupa.

Results and Key Performance Indicators

The loss for the year, after taxation, amounted to £565,000 (2018: profit £411,000). The Company had net assets of £48,639,000 (2018: £49,204,000). As a holding company, the most significant impact towards the result for the year has been the interest payable and receivable on group loans.

Business model

BCS is focused on meeting the changing healthcare needs and concerns of its customers 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.

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 4.9% in April 2019 with a further 6.2% increase in April 2020. 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.

Strategic Report (continued)

Future outlook (continued)

Since the 2015 Spending Review which announced new powers for councils to meet their funding obligations for social care, the Government have taken further, albeit limited, steps to increase funds for adult social care. The 2017 Budget announced new funding for councils to meet their funding obligations for social care, including an extension and increase to the annual Council Tax precept to 3% as well as increased allocations into the Better Care Fund and Adult Social Care Support Grant. More recently, the Government announced an additional injection of short-term funding in the 2018 Autumn Budget. A similar announcement was made in 2019, however the 2020 Budget did not contain any measures to support social care. While this funding is welcome, it is insufficient to address the long-term funding issues faced by the social care sector.

The outlook for longer term reform of the social care funding system in England remains unclear. The Government has committed to publishing proposals for long term reform of the social care funding system for consultation in the form of a White Paper. It is unclear when this will be published and there is little clarity regarding the Government's plans for the sector beyond a 2019 manifesto commitment that "nobody needing care should be forced to sell their home to pay for it".

BCS, along with others in the sector, 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.

The Post Balance Sheet Event note in the Director's report includes an assessment of Covid 19's impact.

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. Guidance on the application of consumer law in care homes, published by the Competition and Market Authority (CMA), has also led to a number of amendments to our T&Cs.

The ongoing negotiations regarding the UK's post-Brexit relationship with the EU also bring risks and uncertainties. BCS is monitoring political developments closely and preparing for the operational, commercial and legal implications of the UK-EU future relationship. This involves considering a range of scenarios, including a situation where no trade deal is agreed by the end of the transition period, currently scheduled for 31 December 2020. The Company is examining an extensive list of issues and working through steps to protect BCS' position in these areas, including the UK's future immigration system; the impact of the future relationship on the Company's supply chain; and the wider impact of the future relationship negotiations on the UK economy.

While the UK Government has committed to ensuring EU citizens currently resident in the UK will be able to remain following the UK's exit from the EU, its immigration plans mainly focus on high-skilled migrants and will impact the health and social care sector's ability to recruit sufficient staff. Uncertainty also remains regarding the wider impact on the UK economy.

The Post Balance Sheet Event note in the Director's report includes an assessment of Covid 19's impact.

Strategic Report (continued)

Principal risks and uncertainties (continued)

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 and accounts, which does not form part of this report.

Registered Office:

1 Angel Court
London
EC2R 7HJ

By Order of the Board



14 August 2020

Michael Harrison
Director

Directors' Report

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2019.

Going Concern and Post Balance Sheet Event

On March 11, 2020, the World Health Organization declared Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world. Most governments are taking restrictive measures to contain the spread and the situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease in long-term interest rates.

As the implications of COVID-19 are indicative of conditions that arose after the end of the reporting period end, it is a subsequent event that does not require any adjustments to the annual accounts for the financial year 2019. Whilst it is not possible, at this stage, to accurately estimate the financial impacts of this crisis, the Directors note, as at the date of approval of these financial statements, there has been no significant disruption in the Company's business up to the date of approval of these financial statements. However, as at the date of approval of these financial statements, it is not currently considered that there are any significant doubts over the Company's ability to continue as a going concern for at least a year from the date of approval of these financial statements. We continue to monitor our business for potential impacts and to manage the associated risks.

Notwithstanding the loss for the year ended 31 December 2019 of £565,000, 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 for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of COVID-19, the Company will have sufficient funds, through funding from its immediate parent company, Bupa Finance plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Bupa Finance plc not seeking repayment of the amounts currently due from BCS, which at 31 December 2019 amounted to £398,048,000, and providing additional financial support during that period. The directors have considered the impact of the COVID-19 pandemic on the ability of BUPA Finance plc to provide the financial support required by the company. BUPA Finance PLC's going concern status has been considered and, based on its current position, forecast results and solvency capital, it has been concluded that Bupa Finance PLC has adequate resources to operate for at least the next 12 months from the approval of these financial statements. 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. Bupa Finance plc has indicated its intention to continue to make available such funds as are needed by the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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 (2018: £nil).

Directors' Report (continued)

International Financial Reporting Standards and Financial Reporting Requirements

The ultimate parent undertaking, Bupa, has prepared group accounts in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The Company is not required to report under IFRS and therefore these accounts 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 for 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.

Directors

Details of the present directors and any other persons who served as a director during the year are set out below:

N S Barker
J M Elliott
M Harrison
C A Richardson

C R Campbell is the Company Secretary and is not a present director.

Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, 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.

Workforce engagement

Culture and our people

The Bupa Board is responsible for establishing Bupa's purpose, values and strategy and ensuring that our culture is aligned to these at all levels of the organisation. In order to do our best for our customers, we need to take care of our people and this will lead to strong and sustainable performance for the benefit of our purpose of helping people live longer, healthier, happier lives.

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. As part of our Five Year Vision, the Bupa Board has also recently agreed a number of leadership imperatives, a set of competencies specific to customer, people, performance and purpose. These will help our senior leaders across the business to deliver performance through putting customers 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 Bupa Board monitors behaviours in a number of ways including:

- measuring our people's engagement level through our People Pulse survey tool semi-annually
- considering semi-annually the level of, and themes arising from, reports received through our 'Speak-Up' whistleblowing process and customer complaints
- taking into account how our people have lived our values and followed the Bupa Code in achieving their performance goals.

Directors' Report (continued)

Workforce engagement (continued)

Engaging our people

The Code requires boards to understand the views of companies' key stakeholders and recommends a number of methods for engaging with our people. We believe that our existing people engagement mechanisms and channels, as enhanced during the year, provide an effective means of engaging with our people. Our existing engagement methods are described in more detail below.

Listening

The Bupa Group listens to its people and promotes a positive, flexible working environment and a diverse and inclusive 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. The survey is run twice a year, and 70% of our people in the Bupa Group took part in the survey conducted in November 2019. The Bupa Board receives reports on the results of each survey and challenges management on the level of participation and action taken to address key themes arising from the results. Overall, the Bupa Group's engagement score has stayed constant at 78 out of 100.

As part of the detailed quarterly management information which the Bupa Board receives, people and culture issues in each of our Market Units are highlighted during the year. The Bupa Board has considered people issues such as the shortage of dentists in the UK. We want our people to see the Bupa Board as accessible and approachable and therefore regularly schedule site visits for the Bupa Board as a whole or for individual directors. During the year, the Bupa Board has held 'town hall' meetings with employees at our offices in Madrid, Manchester and London, which provided an opportunity for our people to meet the Bupa Board and to ask questions and raise matters of interest.

Going forward, these meetings will form an integral part of the Bupa Board's visits. Directors also regularly visit our frontline operations and talk to our people. During the year this has included visits by a number of Directors to call centres and a clinic in the UK and a hospital, dental centre and multi-service clinic in Spain.

These visits are an invaluable opportunity for our people to ask questions directly to the Bupa Board and for the Directors to gain an insight into the issues important to our people in different parts of the business. This helps enhance decision-making and consideration of the longer-term impact of the Bupa Board's decisions on our people. Senior managers also regularly hold town hall meetings across sites or for their own teams, including on the Group's Full-Year and Half-Year results and strategy. There is a very proactive programme of internal communications via email, the intranet, presentations, and internal social media platforms. We also have employee forums for areas such as training and development, IT and security and for local office issues.

Diversity and inclusion

Our approach to diversity and our philosophy is based on inclusion for all. DiverCity, 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. We are also working with INvolve to harness LGBTQ+, ethnic minority and female talent and help drive positive cultural change and increase diversity at all levels of our workforce and in the talent pipeline. We are also members of Business Disability International which helps companies and individuals to adapt the workplace and challenge attitudes to disability. 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)

Having a diverse workforce and an inclusive, accessible working environment, brings fresh views to the table and reflects the customers we serve and communities within which we operate. The People pillar of our corporate responsibility and sustainability (CRS) strategy aims to promote diversity and inclusion during 2020 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.

Mental health and wellbeing

Our approach to mental health focuses on raising awareness, creating supportive workplaces, encouraging open conversations and providing access to support and care. We are raising awareness of mental wellbeing in the workplace, encouraging open conversations and providing access to support and care through regular internal communications, campaigns such as for World Mental Health Day, online information, our Performance Energy resilience programme and training mental health first aiders.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The Bupa Audit Committee agreed to put the external audit of the Group out to tender to comply with EU Audit Regulation (Regulation 537/2014/EU) transitional arrangements, which require the Group to rotate its audit firm at the time of next appointment on or after 17 June 2020.

The Bupa Annual Report 2019 sets out the full audit tender process, outcome and timeline.

The Bupa Board agreed to appoint PwC as the Group's External Auditor from 1 January 2021 and the Company's Board will formally appoint PwC for the year ended 31 December 2021 following the Bupa AGM in May 2021.

Registered Office:

1 Angel Court
London

EC2R 7HJ

14 August 2020

By Order of the Board



Michael Harrison
Director

Statement of Directors' Responsibilities in Respect of the Strategic Report the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Bupa Care Homes (CFG) plc

Opinion

We have audited the financial statements of Bupa Care Homes (CFG) plc ("the company") for the year ended 31 December 2019 which comprise the Profit and Loss Account and Other Comprehensive income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Bupa Care Homes (CFG) plc (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

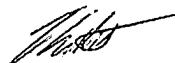
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

The purpose of our audit work and to whom we owe our responsibilities

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



Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Chartered Accountants

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

17 August 2020

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
Dividend income		269,869	-
Disposal of investment in subsidiary		(269,869)	-
Interest receivable and similar income	5	9,008	8,202
Interest payable and similar charges	6	(9,706)	(8,703)
Loss before taxation		(698)	(501)
Tax on loss on ordinary activities	8	133	912
(Loss)/profit for the financial year		(565)	411
<hr/>			
Total comprehensive (expense)/income for the year		(565)	411

The notes on pages 14 to 23 form part of these financial statements.

Balance Sheet

as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Investments	9	705,693	715,524
Current assets			
Debtors- due within one year	10	1,039	-
Creditors: amounts falling due within one year	11	(190,002)	(189,095)
Net current liabilities		(188,963)	(189,905)
Total assets less current liabilities		516,730	526,429
Creditors: amounts falling due after more than one year	12	(468,091)	(477,225)
Net assets		48,639	49,204
Capital and reserves			
Called up share capital	13	40,553	40,553
Share premium		114,141	114,141
Capital redemption reserve		2,110	2,110
Profit and loss account		(108,165)	(107,600)
Shareholders' funds		48,639	49,204

These financial statements were approved by the Board of Directors and were signed on its behalf by:



Michael Harrison
Director

Registered number: 01969735

14 August 2020

The notes on pages 14 to 23 form part of these financial statements.

Statement of Changes in Equity for the year ended 31 December 2019

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2019	40,553	114,141	2,110	(107,600)	49,204
Loss for the year	-	-	-	(565)	(565)
Balance as at 31 December 2019	40,553	114,141	2,110	(108,165)	48,639

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2018	40,553	114,141	2,110	(108,011)	48,793
Profit for the year	-	-	-	411	411
Balance as at 31 December 2018	40,553	114,141	2,110	(107,600)	49,204

The notes on pages 14 to 23 form part of these financial statements.

Notes to the Financial Statements

1. 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.

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 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 2.

(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 Cash Flow Statement and related notes;
- Comparative period reconciliations for investments;
- Disclosures in respect of transactions with wholly owned subsidiaries within the consolidated group;
- Disclosures in respect of capital management;
- An additional balance sheet for the beginning of the earliest comparative period following the transition to FRS 101;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

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 3) 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 and IFRS 13 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.

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(c) New standards, amendments and IFRIC interpretations

The new leases standard, IFRS 16 effective from 1 January 2019 has been adopted by the Company but resulted in no impact as the Company did not identify any contracts which met the definition of a lease.

The following financial reporting standards, amendments and interpretations have been issued but are not effective for the year ended 31 December 2019 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
- IFRS 3 – Business Combinations amendment
- IAS 1 and IAS 8 amendments

(d) Going Concern

Notwithstanding the loss for the year ended 31 December 2019 of £565,000, 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 for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of COVID-19, the Company will have sufficient funds, through funding from its immediate parent company, Bupa Finance plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Bupa Finance plc not seeking repayment of the amounts currently due from BCS, which at 31 December 2019 amounted to £398,048,000, and providing additional financial support during that period. The directors have considered the impact of the COVID-19 pandemic on the ability of BUPA Finance plc to provide the financial support required by the company. BUPA Finance PLC's going concern status has been considered and, based on its current position, forecast results and solvency capital, it has been concluded that Bupa Finance PLC has adequate resources to operate for at least the next 12 months from the approval of these financial statements. 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. Bupa Finance plc has indicated its intention to continue to make available such funds as are needed by the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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.

(e) 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 3).

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(f) Interest Income

Interest income is recognised using the effective interest method. When a loan and 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 loan and receivables is recognised using the original effective interest rate.

(g) Taxation and Deferred Taxation

The taxation expense on the profit for the year comprises current and deferred taxation. Income taxation is recognised in the profit and 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.

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.

(h) Investment

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

(i) Share Capital

Ordinary shares are classified as equity.

(j) Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(l) 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.

Notes to the financial statements (continued)

2. 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 of subsidiary undertakings

The Company's subsidiary undertakings have 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.

3. Immediate and Ultimate Parent Company

The immediate parent undertaking of the Company is Bupa Finance plc, with its registered office at 1 Angel Court, London EC2R 7HJ.

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

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

4. Staff Costs and Directors' Remuneration

Staff costs

There were no staff costs for the year ended 31 December 2019 (2018: £nil)

Directors' remuneration

The emoluments of the Directors are borne entirely by the other Bupa Group companies and are disclosed in the financial statements of those companies. The Company acts as a holding company and had no other employee costs during the current or preceding year.

5. Other Interest Receivable and Similar Income

	2019 £'000	2018 £'000
Bupa Group undertakings	9,008	8,202

6. Interest Payable and Similar Charges

	2019 £'000	2018 £'000
Bupa Group undertakings	9,706	8,703

Notes to the financial statements (continued)

7. Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:	2019	2018
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	2	2

Fees for the audit of the Company represent the amount receivable by the Company's auditor. The amount is not borne by the Company.

8. Tax on Loss on Ordinary Activities

(i) Tax included in profit or loss

	2019	2018
	£'000	£'000
UK corporation tax on loss for the year	(133)	(912)
Total current tax	(133)	(912)
Total tax on loss on ordinary activities	(133)	(912)

(ii) Reconciliation of effective tax rate

	2019	2018
	£'000	£'000
Loss on ordinary activities before taxation	(698)	(501)
Tax on loss on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	133	(95)
Effects of:		
Transfer pricing adjustments	-	(817)
Expenses not deductible for tax purposes	51,275	-
Non-assessable income	(51,275)	-
Tax on loss on ordinary activities	133	(912)

Notes to the financial statements (continued)

9. Investments

	Shares in subsidiary undertakings £'000	Loan to group undertakings £'000	Total £'000
Cost			
At 1 January 2019	531,882	445,655	977,537
Addition	269,869	-	269,869
Disposal	(531,882)	(9,831)	(541,713)
At 31 December 2019	269,869	435,824	705,693
Provisions for impairment			
At 1 January 2019	262,013	-	262,013
Disposal	(262,013)	-	(262,013)
At 31 December 2019	-	-	-
Net Book Value			
At 31 December 2019	269,869	435,824	705,693
At 31 December 2018	269,869	445,655	715,524

During the year the liquidation and dissolution of the Company's 100% subsidiary Bupa Care Homes Group Limited was completed. This process resulted in a dividend in specie from Bupa Care Homes Group Limited for its investment in the Company's indirect subsidiary Bupa Care Homes (ANS) Limited. The Company's investment in Bupa Care Homes Group Limited was written off following the dividend. The write off offset with the dividend income resulting in no gain or loss. Bupa Care Homes (ANS) Limited is now a 100% direct subsidiary of the Company.

Notes to the financial statements (continued)

9. Investments (continued)

In accordance with Section 409 of the Companies Act 2006, a full list of related undertakings of the Company and the percentage of each share class owned as at 31 December 2017, all of which have their registered office at 1 Angel Court, London, EC2R 7HJ unless stated otherwise, are disclosed below:

Name	Share Class Held	% held Indirectly	% held Directly
Bupa Care Homes (AKW) Limited	Ordinary	100	-
Bupa Care Homes (ANS) Limited	Ordinary Special	- -	100 100
Bupa Care Homes (Bedfordshire) Limited	Ordinary	100	-
Bupa Care Homes (BNH) Limited	Ordinary	100	-
Bupa Care Homes (BNHP) Limited	Ordinary	100	-
Bupa Care Homes (Carrick) Limited*	Ordinary	100	-
Bupa Care Homes (CFCHomes) Limited	Ordinary	100	-
Bupa Care Homes (CFHCare) Limited	Ordinary, Redeemable Preference	100 -	- 100
Bupa Care Homes (Developments) Limited	Ordinary	100	-
Bupa Care Homes (GL) Limited	Ordinary	100	-
Bupa Care Homes (HH Bradford) Limited	Ordinary	100	-
Bupa Care Homes (HH Hull) Limited	Ordinary	100	-
Bupa Care Homes (HH Leeds) Limited	Ordinary	100	-
Bupa Care Homes (HH Northumberland) Limited	Ordinary	100	-
Bupa Care Homes (HH Scunthorpe) Limited	Ordinary	100	-
Bupa Care Homes (HH) Limited	Ordinary	100	-
Bupa Care Homes (Partnerships) Limited	Ordinary	100	-
Bupa Care Homes (PT Lindsay Prop) Limited	Ordinary	100	-
Bupa Care Homes (PT Lindsay) Limited	Ordinary	100	-
Bupa Care Homes (PT Links Prop) Limited	Ordinary	100	-
Bupa Care Homes (PT Links) Limited	Ordinary	100	-
Bupa Care Homes (PT) Limited	Ordinary	100	-
Fulford Grange Medical Centre Limited	Ordinary	50	-
Watertight Investments Limited	Ordinary	100	-

* Registered office: 39 Victoria Road, Glasgow, G78 1NQ

Loans to group undertakings

The Company shared in loans to subsidiary undertakings measured at cost and loans to group undertakings measured at FV and subsequently amortised cost.

Group undertakings	Date issued	Repayment date	Interest rate	2019 £'000	2018 £'000
Bupa Care Homes (GL) Limited	December 2013	December 2023	Six month LIBOR plus 110 basis points	56,298	59,984
Bupa Care Homes (CFCHomes) Limited	December 2013	December 2023	Six month LIBOR plus 110 basis points	95,411	95,469
Bupa Care Homes (CFHCare) Limited	December 2013	December 2023	Six month LIBOR plus 110 basis points	160,465	166,339
Bupa Care Homes (BNH) Limited	May 2014	May 2024	Six month LIBOR plus 110 basis points	123,650	123,863
				435,824	445,655

Notes to the financial statements (continued)

10. Debtors

	2019 £'000	2018 £'000
Amounts due within one year		
Amounts owed by Bupa Group undertakings	1,039	-

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

11. Creditors – Amounts Falling Due Within One Year

	2019 £'000	2018 £'000
Amounts owed to Bupa Group undertakings	190,002	189,088
Accruals and deferred income	-	7
	190,002	189,095

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

12. Creditors – Amounts Falling Due After More Than One Year

	2019 £'000	2018 £'000
Loans owed to Bupa Group undertakings	468,091	477,225

Loans owed to Bupa Group undertakings are repayable after ten years as follows:

Group undertakings	Date issued	Repayment date	Interest rate	2019 £'000	2018 £'000
Bupa Finance plc	December 2013	December 2023	110 basis points over six-month LIBOR	426,489	422,757
Bupa Care Homes (Bedfordshire) Limited	December 2013	December 2023	110 basis points over six-month LIBOR	11,282	11,160
Bupa Care Homes (Partnerships) Limited	December 2013	December 2023	110 basis points over six-month LIBOR	1,842	2,919
Bupa Care Homes (AKW) Limited			110 basis points over six-month LIBOR	3,220	3,156
Bupa Care Homes (Carrick) Limited	June 2017	June 2027	110 basis points over six-month LIBOR	20,558	20,145
Bupa Care Homes (ANS) Limited	July 2016	December 2026	110 basis points over six-month LIBOR	4,700	17,088
				468,091	477,225

Notes to the financial statements (continued)

13. Called up Share Capital

	2019 £'000	2018 £'000
Allotted, called up and fully paid		
162,213,958 (2018:162,213,958) ordinary shares of 25 pence each	40,553	40,553

14. Contingent Liabilities, Guarantees and Other Financial Commitments

(i) Contingent liabilities

At 31 December 2017, the Company was party to a £800 million revolving credit facility. The Company has joint and several liabilities for all obligations under the agreement.

(ii) Guarantees

The Company has given a guarantee in respect of a £350 million bond issue by Bupa Finance plc.

(iii) Financial commitments

The Company has no outstanding commitments at the end of either year.

(iv) Capital commitments

The company has no outstanding capital commitments at the end of either year.

15. Related Party Transaction

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 4 for disclosure of the Directors' remuneration.

16. Post Balance Sheet Event

On March 11, 2020, the World Health Organization declared Coronavirus COVID-19 a pandemic, due to its rapid spread throughout the world. Most governments are taking restrictive measures to contain the spread and the situation is significantly affecting the global economy, due to the interruption or slowdown of supply chains and the significant increase in economic uncertainty, evidenced by an increase in the volatility of asset prices, exchange rates and a decrease in long-term interest rates.

As the implications of COVID-19 are indicative of conditions that arose after the end of the reporting period end, it is a subsequent event that does not require any adjustments to the annual accounts for the financial year 2019. Whilst it is not possible, at this stage, to accurately estimate the financial impacts of this crisis, the Directors note, as at the date of approval of these financial statements, there has been no significant disruption in the Company's business up to the date of approval of these financial statements. However, as at the date of approval of these financial statements, it is not currently considered that there are any significant doubts over the Company's ability to continue as a going concern for at least a year from the date of approval of these financial statements. We continue to monitor our business for potential impacts and to manage the associated risks.