

**BUPA CARE HOMES (CFG) LIMITED (formerly BUPA CARE HOMES
(CFG) PLC)**

Registered Number: 01969735

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

31 DECEMBER 2022



Contents

	Page
Strategic report	1
Directors' report	7
Independent auditors' report to the members of Bupa Care Homes (CFG) Limited	11
Consolidated statement of comprehensive income	15
Consolidated statement of financial position	16
Consolidated statement of cash flows	18
Consolidated statement of changes in equity	19
Notes to the consolidated financial statements	20
Annual report & financial statements of the Company	48

Strategic report

The Directors present their Strategic report for Bupa Care Homes (CFG) Limited ("the Company") and its subsidiary companies (together, the "Group") for the year ended 31 December 2022

Principal activities

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 with its subsidiaries form Bupa Care Services ("BCS") and these financial statements are consolidated financial statements of the Company and its subsidiaries. This is the first period for which consolidated financial statements have been prepared.

Results and key performance indicators

The Group's loss for the year, after taxation, amounted to £16,429,000 (2021 unaudited: profit £8,332,000). The Group had net assets of £624,141,000 (2021 unaudited: £673,932,000).

Key performance indicators

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

	2022	2021 unaudited	Analysis
(Loss) / profit before tax (£'000)	(21,751)	11,335	The loss for the year was driven by a £13,683,000 downward revaluation of the care home freehold property portfolio and an increase in operating costs as a result of inflation.
Occupancy percentage (%)	84.4	81.5	Occupancy has improved following the continuing recovery from the impacts of the COVID-19 pandemic.
Available beds	7,255	7,306	Reduced due to the sale of a care home 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 weekly average number of beds available for occupation during the year.

Business model

The Group provides nursing and residential care in 121 care homes to around 6,300 residents of which 61% are funded wholly or partly by the public sector through Local Authorities ("LAs"), NHS Clinical Commissioning Groups ("CCGs") and other public sector commissioners.

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.

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 9.7% in April 2023 to £10.42, continued high energy costs and low fee uplifts in some areas. 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 continued challenge of workforce, including costly international recruitment, a prolonged national shortage of appropriately qualified nurses, other staff, and increased agency dependency across the sector, and lack of career progression opportunities, has led to us furthering our offering of schemes such as apprenticeships, as well as launching a new employee benefit scheme.

Strategic report (continued)

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 progress in its focus on receiving a fee uplift in line with the fair cost of care figures published earlier this year.

Last year the UK Government postponed the planned reforms to the sector. This was necessary as these reforms would have likely failed at launch due to lack of sufficient funding to deliver them effectively. The Government has however offered several short-term funding injections into the sector, as well as continuing with the Fair Cost of Care exercise and recently publishing scaled-down reforms. These reforms focussed on addressing the lack of training opportunities for staff, improving data within the sector, and the introduction of an Older People's taskforce.

BCS is working hard to understand this evolving landscape and position itself to meet any challenges that arise. With a general election certain to happen in the next 18 months, BCS is working to engage both political parties, and to ensure our priorities are heard when parties draw up their policy manifestos. 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.

The Group will return to profit, before property valuation adjustments, as occupancy continues to grow to exceed pre pandemic levels and the impact of staffing pressures, high energy costs and inflation reduce.

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 Group 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
- 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 Group'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.

More detail on how we engage with our key stakeholder groups or where to find more information is set out below.

Strategic report (continued)

Engaging with our stakeholders (continued)

Customers

Our ambition is to become the world's most customer-centric healthcare company and our ambition KPIs all relate to our customers, putting them at the heart of everything we do and making them our most important stakeholder group. We are committed to providing excellent customer experience, through great service and value, frictionless access and quality health care.

In 2022, we focused on three priorities:

1. Enhancing our customer feedback programme (our NPS system), so we can hear more from our customers
2. Driving improvements in our customers' experience
3. Creating a truly customer-obsessed culture.

Direct customer feedback is an important tool to help us improve their experience and our leaders are encouraged to use our Customer Listening app to gain insights on the issues that customers raise and to provide feedback on how customer experiences could be improved.

The Board has received regular updates during 2022 on the progress against key customer metrics, such as NPS scores, complaints and customer research to drive customer experience improvements.

Communities and environment

Sustainability is reflected in the 'making a better world' part of Bupa's purpose. This demonstrates the broader role we expect to play, not only in the health of our customers and our people, but also for the health of our planet. Our approach to sustainability is focused on the intersection of human health and the health of the planet. We help to build healthier and more resilient communities and aim to have a positive impact on the environment. We have a dedicated Foundation in the UK to channel some of our investment.

People

Our people are at the heart of our business, supporting our customers every day. We want our people to feel engaged and empowered to deliver great outcomes for our customers, to feel that Bupa is a great place to work and to be healthier and happier themselves. People priorities are set on the issues important to our people. This includes our focus on driving engagement, which is owned locally right down to the individual leader level. Our employee engagement results are shared and discussed twice a year. People issues are flowed up to the Board through regular updates from the General Manager, and as part of updates to the Board from the clinical and risk & governance teams. In 2022, these covered workforce challenges, recruitment, onboarding, retention, and actions taken in support of these areas. In addition, the Board also receives reports on issues raised through Bupa's Speak Up internal confidential whistleblowing service.

Strategic report (continued)

Engaging with our stakeholders (continued)

Regulators

Our Care Homes are regulated by care quality regulators as well as other relevant regulators. Regulators ultimately aim to make sure we have the risk management framework necessary to protect customers and ensure that they receive high levels of care and are treated fairly. These objectives clearly align with our strategy and customer-centric ambition.

Our regulators expect us to:

- provide high-quality, clinically robust services
- ensure we operate in a sustainable way
- 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, working with the health regulators to ensure we meet regulatory requirements and act quickly to address any issues or concerns raised.

Suppliers

Our suppliers represent our brand and are critical to delivering a high-quality service to our customers.

We are committed to:

- treating our suppliers fairly
- paying suppliers on time (as per contracted terms)
- selecting suppliers without prejudice
- supporting improvements in social, environmental and ethical practices
- using research, collaboration and innovation to accelerate sustainable health care solutions
- maintaining a supply chain that reflects and aligns with our own standards of responsible business conduct
- actively encouraging innovation.

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

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

Energy use and emissions data

The Company and Group are exempt from reporting company specific information as it is a subsidiary of The British United Provident Association Limited ('Bupa') and consolidated reporting is included in the Annual Report and Accounts of that company. Bupa has set science-based targets for CO2 reduction and committed to reducing emissions to reach net zero by 2040 with a milestone to have cut direct emissions (scopes 1-2) by 40% by 2025.

Strategic report (continued)

Engaging with our stakeholders (continued)

High standards of business conduct

The Group has a robust system of governance and risk management in place and operates a 'three lines' model to identify, manage and mitigate risk, to ensure that we maintain high standards of business conduct. Bupa aims, where appropriate, to operate to the same governance standards as are required of UK public listed companies. This includes applying the UK Corporate Governance Code 2018 (the Code) to set high corporate governance standards for the Bupa group of companies. Further information can be found in the Annual Report and Accounts of Bupa.

These include governance processes around decision-making; risk appetite statements; risk policies and standards that are applied on areas including customer outcomes, people, capital management, supplier management, risk, clinical governance, data quality, information security, privacy, and wellbeing, health and safety.

All papers submitted to the Board are required to include a summary of key risks, how relevant stakeholders have been considered in the proposals and the governance process undertaken prior to seeking Board approval to ensure that stakeholder interests or concerns have been considered and that proposals have been through appropriate review and approval processes prior to submission to the Board. This assists the Board in making well-informed decisions that promote the long-term, sustainable success of the business.

Board decisions and their impact on stakeholders

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

Stakeholder view	Board Decision
<p>People</p> <p>Our people are the driving force behind our business and we need to take care of them so that they can enjoy longer, healthier, happier lives.</p> <p>We have seen increasing pressure on the capacity and resilience of our workforce from the COVID-19 pandemic, cost of living crisis and the level of change that we are asking them to undertake to achieve our strategy.</p>	<p>The Board regularly receives updates on issues relating to the Group's people. We have recognised the impact of the rising cost of living, particularly on our frontline people, by taking action on pay to help ease the cost of living and by launching healthcare benefits for employees.</p> <p>Long-term impact</p> <p>The Board believes that the investment in healthcare benefits for its employees will make a real difference to the long-term health of our people and differentiates Bupa from competitors, giving us an advantage in attracting and retaining employees.</p>
<p>Customers</p> <p>Against the backdrop of rising inflationary cost pressure and proposed regulatory change during the year, our residents continue to seek cost-effective high-quality health and care facilities and services.</p>	<p>During the year, the Board received briefings on the proposed Adult Social Care Reform in England as well as updates on resident metrics and feedback on our services. In response, we actively monitored our cost base, implementing numerous cost saving initiatives and ensuring we communicated clearly and effectively any impact for our residents. In addition, the Board continues to monitor the evolving funding landscape, actively engaging with stakeholders to understand policy proposals as they develop.</p> <p>Long-term impact</p> <p>The Group is committed to providing high-quality cost-effective facilities and services for the UK's growing ageing population and will continue to advocate adequate funding for the sector, both in the short term and over the longer term.</p>

Strategic report (continued)

Principal risks and uncertainties

The Group 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.

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.

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 current issues caused by geo-political factors.

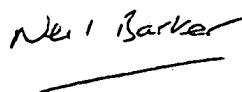
Further information relating to the Company and the Group, as applicable to Bupa and its subsidiaries and holding companies or subsidiaries of such holding companies ("Bupa Group") as a whole, is provided within the discussion of business risks and uncertainties section of the Bupa Group's Annual Report,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

Registered Office:

1 Angel Court
London
United Kingdom
EC2R 7HJ

13 September 2023

On behalf of the Board



Neil Barker
Director

Directors' report

The Directors present their annual report and the audited financial statements of the Group and the Company for the year ended 31 December 2022.

Change in Registration

On 21 November 2022 the Company re-registered as a private limited company changing its name from Bupa Care Homes (CFG) plc to Bupa Care Homes (CFG) Limited.

Subsidiary undertakings audit exemption

For the year ended 31 December 2022, the Directors elected to provide a parental guarantee in respect of certain of its subsidiary companies and therefore not require a statutory audit of those subsidiary financial statements in accordance with section 479a of the Companies Act 2006. Note 26 to the consolidated financial statements lists the subsidiaries this is applicable to.

Going concern

The Directors have prepared cash flow forecasts collectively for the entities which make up '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 Bupa Finance plc.

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 from the Group 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 Group 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.

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 Group 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 (2021 unaudited: £nil) and no dividend has been announced in 2023 to the date of signing of these financial statements.

Future outlook

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

Financial Risk Management

See note 25 for the Group's financial risk management policy.

International Financial Reporting Standards and Financial Reporting Requirements

The Group has prepared consolidated financial statements in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006 ('IFRS'). This is the first year the Group has presented consolidated financial statements in accordance with IFRS.

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
M Harrison (resigned 31 July 2023)
R Pearson
A Waton

Colin Campbell resigned as the Company secretary on 15 May 2023. Bupa Secretaries Limited was appointed as the Company secretary on 15 May 2023 and is not a present director.

Bupa has a directors' and officers' insurance policy in place, together with indemnities for the Directors and certain managers, to the extent permitted by English law and the Company's Articles of Association.

These cover all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities as Directors of the Company or any of its subsidiaries. These have been in place throughout 2022 and to the date of this report. There are no other qualifying third-party indemnity provisions or pensions indemnity provisions in place.

Our people

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 customers, 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.

In addition, we have a number of leadership imperatives, endorsed by the Bupa Board, encompassing a set of competencies specific to customers, people, performance and purpose. These competencies help our senior leaders 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 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 customer complaints
- 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.

Directors' report (continued)

Our people (continued)

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 an interactive employee engagement platform which enables open discussion for all of our people, including front line staff without an email address. The 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.

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. Our sustainability and ESG agenda strategy aims to promote diversity and inclusion 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. Further information can be found in the Annual Report and Accounts of Bupa.

Independent auditors

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 the financial statements in accordance with applicable law and regulation.

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 UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and 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 UK-adopted international accounting standards 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and 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 group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

The directors consider that the Annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

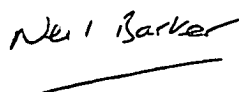
In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and 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 group's and company's auditors are aware of that information.

Registered Office:

1 Angel Court
London
United Kingdom
EC2R 7HJ

On behalf of the Board



Neil Barker
Director

13 September 2023

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

Report on the audit of the financial statements

Opinion

In our opinion:

- Bupa Care Homes (CFG) Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements 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: Consolidated statement of financial position and Company balance sheet as at 31 December 2022; Consolidated statement of comprehensive income, Consolidated statement of cash flows, Consolidated and Company statements 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 group 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 group's and 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 group's and 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.

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

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.

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 Director's 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 Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Director's report for the year ended 31 December 2022 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Director's 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

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

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.

Based on our understanding of the group 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 the 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;
- 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.

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

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.

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 company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

The group financial statements for the year ended 31 December 2021 including the statement of financial position as at 1 January 2021, forming the corresponding figures of the group financial statements for the year ended 31 December 2022, are unaudited.

Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
8 September 2023

Consolidated statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	Unaudited 2021 £'000
Turnover	5	364,799	333,668
Cost of sales		(334,730)	(284,402)
Gross profit		30,069	49,266
Other income	6	9,080	16,375
Administrative expenses		(17,908)	(14,624)
Net impairment gain / (loss) on financial assets		89	(177)
Other operating expenses		(30,951)	(28,879)
Operating (loss)/profit	7	(9,621)	21,961
Finance income receivable and similar income	9	6	5,679
Finance expense payable and similar expenses	10	(12,136)	(16,305)
(Loss)/profit before taxation		(21,751)	11,335
Tax on (loss)/profit	11	5,322	(3,003)
(Loss)/profit for the financial year		(16,429)	8,332
<i>Items that will not be reclassified to profit or loss:</i>			
Unrealised loss on revaluation of properties	13	(34,511)	(10,321)
Movement on deferred tax relating to revaluation reserve	17	1,149	927
Other comprehensive expense for the year, net of tax		(33,362)	(9,394)
Total comprehensive expense for the year		(49,791)	(1,062)

All activities relate to continuing operations.

The notes on pages 20 to 47 form part of these financial statements.

Consolidated statement of financial position as at 31 December 2022

		2022	Unaudited 2021	Unaudited as at 1 January 2021
	Note	£'000	£'000	£'000
Non-current assets				
Intangible assets	12	6,051	6,121	6,808
Tangible assets	13	732,164	795,009	816,557
Loans to Bupa group undertakings		-	-	26,794
		738,215	801,130	850,159
Current assets				
Cash and cash equivalents		5,982	7,629	5,284
Amounts owed from Bupa group undertakings	14	228,391	368,099	342,875
Trade receivables and other receivables	14	24,092	19,621	16,381
Assets held for sale	13	22,212	-	-
Inventory		-	500	-
Accrued income	15	7,268	5,630	6,871
Prepayments	14	3,260	1,554	2,059
		291,205	403,033	373,470
Total Assets		1,029,420	1,204,163	1,223,629
Non-current liabilities				
Loans from Bupa Group undertakings	15/20	-	(186,855)	(646,131)
Lease liabilities	16	(118,397)	(123,109)	(128,509)
Provisions	18	(305)	(289)	(275)
Deferred tax	17	(3,632)	(6,157)	(7,318)
		(122,334)	(316,410)	(782,233)
Current liabilities				
Bank overdraft		(4,964)	(8,377)	(9,546)
Amounts owed to Bupa Group undertakings		(227,547)	(152,186)	(137,000)
Lease liabilities	16	(6,507)	(5,457)	(5,173)
Provisions	18	(1,314)	(3,019)	(3,675)
Deferred income		(14,578)	(15,546)	(14,920)
Other payables		(10,758)	(11,907)	(13,463)
Payroll tax and other statutory liabilities		(3,644)	(3,119)	(5,774)
Accruals		(13,633)	(14,210)	(15,206)
		(282,945)	(213,821)	(204,757)
Total Liabilities		(405,279)	(530,231)	(986,990)
Net assets		624,141	673,932	236,639

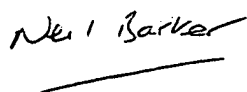
The notes on pages 20 to 47 form part of these financial statements.

Consolidated statement of financial position (continued)

as at 31 December 2022

		2022	Unaudited 2021	Unaudited as at 1 January 2021
	Note	£'000	£'000	£'000
Equity				
Called up share capital	19	668,908	668,908	230,553
Share premium account		114,141	114,141	114,141
Revaluation reserve		295,798	330,183	340,465
Capital redemption reserve		2,110	2,110	2,110
Profit and loss account		(456,816)	(441,410)	(450,630)
Total Equity		624,141	673,932	236,639

The financial statements on pages 15 to 47 were approved by the Board of Directors on 13 September 2023 and signed on its behalf by



Neil Barker
Director

Registered number: 01969735

13 September 2023

The notes on pages 20 to 47 form part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2022

	Note	2022 £'000	Unaudited 2021 £'000
Operating Activities			
(Loss) / profit before taxation		(21,751)	11,335
<i>Adjusted for:</i>			
Net financial expense		12,130	13,687
Depreciation and amortisation		28,469	27,327
Impairment, impairment reversals and other non-cash items		14,626	(1,423)
<i>Changes in working capital and provisions:</i>			
Decrease in provisions		(1,705)	(656)
Decrease / (increase) in inventory		500	(500)
Increase in trade and other receivables, and other assets		(7,857)	(1,135)
Decrease in other payables, and other liabilities		(2,251)	(3,302)
Movement in intercompany current accounts		27,360	(12,979)
Net cash generated from activities		49,521	32,354
Cashflow from investing activities			
Purchase of property, plant, equipment and intangible	13	(34,758)	(18,633)
Proceeds from sale of property, plant and equipment		1,545	2,747
Finance income received		6	1,271
Net cash used in investing activities		(33,207)	(14,615)
Cashflow from financing activities			
Principal repayment of lease liabilities		(6,949)	(5,332)
Finance expense paid		(85)	(45)
Repayment of interest on lease liabilities		(7,235)	(7,576)
Change in intercompany loans		(279)	(1,272)
Net cash used in financing activities		(14,548)	(14,225)
Net increase in cash and cash equivalents		1,766	3,514
Cash and cash equivalents at the beginning of the year	20	(748)	(4,262)
Cash and cash equivalents at the end of the year	20	1,018	(748)

The notes on pages 20 to 47 form part of these financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2022

	Notes	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance as at 1 January 2022		668,908	114,141	2,110	330,183	(441,410)	673,932
Loss for the year		-	-	-	-	(16,429)	(16,429)
Other comprehensive income / (expense)							
Realised profit on disposal of property		-	-	-	(1,023)	1,023	-
Unrealised loss on revaluation of properties	13	-	-	-	(34,511)	-	(34,511)
Movement on deferred tax relating to revaluation reserve	17	-	-	-	1,149	-	1,149
		-	-	-	(34,385)	1,023	(33,362)
Total comprehensive expense for the year		-	-	-	(34,385)	(15,406)	(49,791)
Balance as at 31 December 2022		668,908	114,141	2,110	295,798	(456,816)	624,141
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Unaudited							
Balance as at 1 January 2021		230,553	114,141	2,110	340,465	(450,630)	236,639
Profit for the year		-	-	-	-	8,332	8,332
Other comprehensive income / (expense)							
Realised profit on disposal of property		-	-	-	(888)	888	-
Unrealised loss on revaluation of properties	13	-	-	-	(10,321)	-	(10,321)
Movement on deferred tax relating to revaluation reserve	17	-	-	-	927	-	927
		-	-	-	(10,282)	888	(9,394)
Total comprehensive expense for the year		-	-	-	(10,282)	9,220	(1,062)
Share capital issued	19	438,355	-	-	-	-	438,355
Balance as at 31 December 2021		668,908	114,141	2,110	330,183	(441,410)	673,932

The notes on pages 20 to 47 form part of these financial statements.

Notes to the consolidated financial statements

1. General information

Bupa Care Homes (CFG) Limited is a company limited by shares, incorporated and domiciled in England and Wales, United Kingdom. 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

This is the first year the Group has prepared consolidated financial statements. The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards, in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified by the revaluation of freehold.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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) Basis of consolidation

The Consolidated Financial Statements for the year ended 31 December 2022 comprise those of the Company and its subsidiaries.

Subsidiaries are those entities over which the Group has control. The Group controls an entity when it has power over it, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group considers all relevant facts and circumstances when determining whether control exists and makes a reassessment whenever those facts and circumstances change.

The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commences to the date that control ceases. Accounting policies of subsidiaries are aligned on acquisition to ensure consistency with Group policies. Intra-group related party transactions and outstanding balances are eliminated in the preparation of the Consolidated Financial Statements.

Intercompany transactions and balances between group companies are eliminated.

The Group applies the purchase method in accounting for business combinations. The Group recognises identifiable assets, liabilities and contingent liabilities at fair value, and any non-controlling interests in the acquiree. Non-controlling interests in the net assets of subsidiaries are identified separately from the Group's equity. Non-controlling interests consist of the amount of those interests at the date of the original acquisition and the non-controlling shareholder's share of changes in equity since this date.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(c) New standards, amendments and IFRIC interpretations

A number of amended standards and interpretations became applicable during the current reporting year. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods on foreseeable future transactions.

(d) Going concern

The Directors have prepared cash flow forecasts collectively for the entities which make up '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 Bupa Finance plc.

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 consolidated statement of financial position date from the Group 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 Group 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.

As with any group 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 Group 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) 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 majority of the Group's revenue is from 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.

Turnover is typically paid in advance of the service being provided but there are alternative contractual arrangements resulting in payments being received after the service has been provided.

Turnover may be refunded in accordance with the agreed contractual arrangement if services are no longer required.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(f) Other income

The Group recognises grant income within its consolidated statement of comprehensive income on a straight-line basis when the conditions of the schemes have been met. Any income received not recognised will be reported in deferred income.

(g) Finance income

Finance income is recognised using the effective interest method. When a receivable is impaired, the Group 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 finance income. Finance income on impaired loan and receivables is recognised using the original effective interest rate.

(h) Employee benefits

Bupa operates a defined contribution pension scheme, The Bupa Retirement Savings Plan, in which the Group participates. The assets of the scheme are held separately from those of the Group 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 consolidated statement of comprehensive income as incurred.

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

(i) Taxation and deferred tax

The taxation expense on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in the profit or loss account except to the extent that it relates to items recognised directly in other 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 consolidated statement of financial position 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 consolidated statement of financial position 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.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(j) Intangible assets

Goodwill

Goodwill represents the excess of the cost of a business acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business at the date of business purchase. Goodwill arising on business acquisitions is capitalised and presented within intangible assets in the consolidated statement of financial position. Goodwill is stated at cost less accumulated impairment losses. Impairment reviews are performed annually or more frequently if there is an indication that the carrying value may be impaired. Where the fair value of net assets acquired is greater than the consideration paid, the excess is recognised immediately in the statement of comprehensive income.

Other intangible assets

Intangible assets, other than goodwill, that are acquired as part of a business acquisition are capitalised at fair value which represents cost at acquisition and are subsequently held at cost less accumulated amortisation and impairment. Intangible assets acquired separately are stated at cost less accumulated amortisation and impairment. Amortisation is charged to the consolidated statement of comprehensive income on a straight-line basis as follows:

- Bed licences: term of licence
- IT software: estimated useful lives, which does not exceed three years.

Intangible assets that are subject to amortisation are reviewed for impairment if circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the consolidated statement of comprehensive income to reduce the carrying amount to the recoverable amount.

(k) 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 least 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 Group 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 consolidated statement of comprehensive income 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 within the 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 consolidated statement of comprehensive income in the period they are incurred.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(k) Tangible assets (continued)

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:

Freehold buildings	50 years
Fixtures, fittings and equipment	3 to 50 years

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 consolidated statement of comprehensive income in the period they arise.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to the consolidated statement of comprehensive income.

(l) Assets held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that their carrying amount will be recovered primarily through sale rather than continuing use and a sale within 12 months is considered to be highly probable.

Classification as held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Subsequent to initial classification as held for sale, any impairment losses and gains or losses on remeasurement are recognised in the consolidated statement of comprehensive income.

On classification as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(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.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(n) Financial assets

Classification

The Group 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 Group's amortised cost financial assets comprise receivables.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Group 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 consolidated statement of comprehensive income. 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 Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through the profit and 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 consolidated statement of comprehensive income within finance 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 Group 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.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(o) Customer contract debtors, accrued and deferred income

Receivables 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.

Receivables 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 Group deferred income is recognised. If the services provided by the Group exceeds the amount invoiced accrued income is recognised. There has been no significant change in the invoicing terms offered during the year.

(p) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

(q) External invoiced liabilities

The accounts payable balance arising from the care home operations, approximately £14,000,000, are reported in the financial statements of Bupa Insurance Services Limited ('BISL'), another Bupa Group company. These costs are transferred to the Group through the intercompany current account. BISL will settle these invoices on behalf of the Group.

(r) Leases

The Group'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 Group 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 consolidated statement of comprehensive income 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 Group 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.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(r) Leases (continued)

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 restoration costs, is depreciated on a straight-line basis over the lease terms. 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 Group 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.

(s) Provisions

Provisions are recognised when:

- the Group 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 finance expense.

(t) Share capital

Ordinary shares are classified as equity.

Notes to the consolidated financial statements (continued)

2. Accounting policies (continued)

(u) Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the loans using the effective interest method.

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

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 Group 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 Group has a significant portfolio of care homes and fluctuations in the value of this portfolio can have a significant impact on the consolidated statement of comprehensive income and consolidated statement of financial position of the Group.

Sensitivity analysis

The significant assumptions used in the calculation of the fair values of the properties are average occupancy 87% (2021 unaudited: 83%) and average capitalisation rate (the capitalisation rate is the average rate of return for each facility and is based on qualitative and quantitative indicators of the facility's current and future performance) 9.0% (2021 unaudited: 10.8%). 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 £(30,378,000)/£16,135,000 (2021 unaudited: £(32,922,000)/£49,160,000).

(b) Useful economic lives of fixtures, fittings and equipment ('FFE')

The annual depreciation charge for FFE 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. See note 2(k) for the useful economic life of each class of asset.

Sensitivity analysis

As indicated in note 2(k) the estimated useful lives of items of FFE range from 3 to 50 years. However, the actual useful lives might be shorter or longer. Based on the current useful lives the carrying amount is £127,298,000 (2021 unaudited: £117,057,000). If the useful lives were two years longer the carrying amount would instead be £140,669,000 (2021 unaudited: £121,880,000) and if they were two years shorter, the carrying amount would be £117,057,000 (2021 unaudited: £101,172,000).

Notes to the consolidated financial statements (continued)

4. 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 United Kingdom, 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, United Kingdom, EC2R 7HJ. This smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc, a company 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

	2022 £'000	Unaudited 2021 £'000
Care homes operations	364,799	333,668

Recognised in turnover is £15,546,000 (2021 unaudited: £14,920,000) recorded in deferred income at the prior year end. During the year £nil (2021 unaudited: £nil) turnover was recognised in respect of services provided in previous years.

6. Other income

	2022 £'000	Unaudited 2021 £'000
Infection control grant	9,080	16,375

During the year, as part of the governmental support package in relation to the COVID-19 pandemic the Group received an infection control grant of £9,080,000 (2021 unaudited: £16,375,000).

During 2022 there was continued financial support in the form of Infection Control and Staff Workforce funding. Between October 2021 and March 2022 funding support into the sector from this totalled £550,500,000. 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. Central Government funding related specifically to COVID 19 ceased in March 2022.

Notes to the consolidated financial statements (continued)

7. (Loss)/profit before taxation

Operating loss is stated after charging/(crediting):

	2022	Unaudited
	£'000	2021
		£'000
Depreciation of tangible assets	27,763	26,614
Amortisation of intangible assets	706	713
Impairment of property, plant and equipment (included in cost of sales)	13,683	-
Inventory expensed in the year	500	-
Audit fee of parent	175	-
Audit fee of subsidiaries	150	-
Expenses relating to short-term leases	514	490

There have been no non-audit services provided by the Group's auditors (2021 unaudited: none).

8. Staff costs and directors' remuneration

(i) Staff costs

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

	2022	Unaudited
	Number	2021
		Number
Health care	7,147	7,341

The aggregate payroll costs of those persons were as follows:

	2022	Unaudited
	£'000	2021
		£'000
Wages and salaries	211,511	201,899
Social security costs	16,993	14,459
Other pension costs	1,272	1,109
	229,776	217,467

Notes to the consolidated financial statements (continued)

8. Staff costs and directors' remuneration (continued)

(ii) Directors' remuneration

The emoluments of the Directors are borne entirely by other Bupa Group companies 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 Group and its subsidiaries for the year was as follows:

	2022 £'000	Unaudited 2021 £'000
Emoluments	1,307	1,412
Group contributions for defined contribution pension scheme	81	86
Amounts receivable under long-term incentive schemes	-	666
	1,388	2,164

The remuneration of the highest paid Director across Bupa Group companies was:

	2022 £'000	Unaudited 2021 £'000
Emoluments	494	430
Group contributions for defined contribution pension scheme	31	29
Amounts receivable under long-term incentive schemes	-	246
	525	705

When the highest paid Director also serves as a director of other Bupa Group companies the total remuneration above is apportioned across the companies but disclosed in full in each of the company's financial statements.

Four Directors (2021 unaudited: five) are accruing benefits under money purchase pension schemes.

9. Finance income receivable and similar income

	2022 £'000	Unaudited 2021 £'000
Interest receivable from Bupa group undertakings	6	5,679

10. Finance expense payable and similar expenses

	2022 £'000	Unaudited 2021 £'000
Other interest	101	61
Finance charges in respect of leases	7,235	7,576
Interest payable to Bupa group undertakings	4,800	8,668
	12,136	16,305

Notes to the consolidated financial statements (continued)

11. Tax on (loss) / profit

(i) Tax included in profit or loss

	2022 £'000	Unaudited 2021 £'000
UK corporation tax on (loss)/profit for the year	(2,970)	3,389
Adjustments in respect of prior periods	(976)	(151)
Total current tax (credit)/charge	(3,946)	3,238
Deferred tax		
Origination and reversal of timing differences	(2,499)	(715)
Changes in taxation rates	84	1,735
Adjustments in respect of prior periods	1,039	(1,255)
Total deferred tax credit	(1,376)	(235)
Total tax on (loss) / profit	(5,322)	3,003

The UK corporation tax rate increased from 19% to 25% with effect from 1 April 2023. Deferred tax in these financial statements is measured at 25%, being the rate expected to apply when the temporary differences giving rise to deferred tax will reverse.

(i) Current and deferred taxation recognised directly in other comprehensive expense

	2022 £'000	Unaudited 2021 £'000
Deferred taxation credit in respect of:		
Movement on deferred tax relating to revaluation reserve	(1,149)	(927)
Total tax credit included in other comprehensive expense	(1,149)	(927)

Notes to the consolidated financial statements (continued)

11. Tax on (loss) / profit (continued)

(ii) Reconciliation of standard tax rate

The tax assessed for the year is lower (2021 unaudited: higher) than the standard rate of corporation tax in the UK of 19% (2021 unaudited: 19%). The differences are explained below:

	2022 £'000	Unaudited 2021 £'000
(Loss) / profit before taxation	(21,751)	11,335
(Loss) / profit before taxation at standard UK corporation tax rate of 19% (2021 unaudited: 19%)	(4,132)	2,154
Effects of:		
Expenses not deductible for tax purposes	7,014	2,803
Non-assessable income	(1,848)	(552)
Deferred tax on property movement	(5,900)	(1,746)
Adjustments in respect of current tax of previous years	(976)	(151)
Adjustments in respect of deferred tax of previous years	1,039	(1,255)
Changes in tax rates	(332)	1,750
Movement of deferred tax asset not recognised	(187)	-
Total tax on (loss) / profit	(5,322)	3,003

12. Goodwill and intangible assets

	IT Software £'000	Bed licences £'000	Goodwill £'000	Total £'000
Cost				
At 1 January 2022	6,283	31,402	201,942	239,627
Additions	636	-	-	636
At 31 December 2022	6,919	31,402	201,942	240,263
Accumulated amortisation and impairment				
At 1 January 2022	6,020	25,544	201,942	233,506
Charge for the year	247	459	-	706
At 31 December 2022	6,267	26,003	201,942	234,212
Net book value				
At 31 December 2022	652	5,399	-	6,051
At 31 December 2021	263	5,858	-	6,121

Notes to the consolidated financial statements (continued)

12. Goodwill and intangible assets (continued)

	IT Software £'000	Bed licences £'000	Goodwill £'000	Total £'000
Unaudited Cost				
At 1 January 2021 and Additions	6,257 26	31,402 -	201,942 -	239,601 26
At 31 December 2021	6,283	31,402	201,942	239,627
Accumulated amortisation and impairment				
At 1 January 2021	5,820	25,031	201,942	232,793
Charge for the year	200	513	-	713
At 31 December 2021	6,020	25,544	201,942	233,506
Net book value				
At 31 December 2021	263	5,858	-	6,121
At 1 January 2021	437	6,371	-	6,808

Intangible assets amortisation is recorded in other operating expenses in the consolidated statement of comprehensive income.

Goodwill is tested for impairment by comparing the net carrying value of the CGU with the recoverable amount, using value in use calculations. This is the first year the Group has produced consolidated financial statements so a goodwill impairment test was performed as at 31 December 2020 being the earliest consolidated statement of financial position being presented.

The entire Group is considered a CGU for determining the value in use. Key assumptions have been made regarding future projected cash flows, discount rates and terminal growth rates. The key business drivers of the cash flow forecast are occupancy rates, fee rates, staff and agency costs and operating expenses. Cash flow projections have been calculated from management operating profit projections for a five-year period. These are based on a three-year plan which has been approved by the Board with further projections added for years four and five. Cash inflows or outflows relating to financing activities have been excluded from the estimate future cashflows.

Cashflow projections beyond the forecast periods have been extrapolated by applying a terminal growth rate of 2.6%. The terminal growth rate represents an estimate of the long-term growth rate for the CGUs, taking into account the future and past growth rates and external sources of data, such as forecast GDP growth rates, inflation and long-term consumer price index rates. The values assigned to the key assumptions are based on past experience of the CGUs and assessment of future trends in the relevant industry.

Forecast future post-taxation cashflows flows have been discounted at a post-taxation discount rate. Discount rates have been derived using Weighted Average Cost of Capital ('WACC') methodology, representing the minimum return a business must earn on its asset base to satisfy providers of capital. Discount rates used for the value in use are based on considerations of the systemic risks associated with the CGU, as well as external factors such as inflation and local market leverage. These include the market assessment of the time value of money and the risks inherent in the relevant country where the cash flows are generated. The pre-taxation discount rates used for impairment testing is 6.9%, which has been determined through grossing up the post-tax discount rates by the applicable corporation taxation rates.

Notes to the consolidated financial statements (continued)

12. Goodwill and intangible assets (continued)

An impairment of goodwill of £191,088,000 has been recognised as at 31 December 2020 in addition to amortisation and impairments processed in earlier years of £10,854,000, writing off the goodwill balance to £nil. The fair value of the CGU supports the carrying value after the impairment of goodwill.

13. Tangible assets

	Held for sale *	Right of use property	Land and buildings	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 January 2022	-	69,025	622,216	244,472	935,713
Additions	-	-	463	34,150	34,613
Remeasurement	-	2,256	-	-	2,256
Revaluations	-	-	(34,511)	-	(34,511)
Reversal of depreciation on revaluation	-	-	(7,670)	-	(7,670)
Impairment losses	-	-	(13,683)	-	(13,683)
Transfer to held for sale	22,212	-	(14,288)	(15,497)	(7,573)
Disposals	-	-	(1,107)	(976)	(2,083)
At 31 December 2022	22,212	71,281	551,420	262,149	907,062
Accumulated depreciation					
At 1 January 2022	-	13,289	-	127,415	140,704
Charge for the year	-	4,546	7,682	15,535	27,763
Disposal	-	-	(12)	(526)	(538)
Transfer to held for sale	-	-	-	(7,573)	(7,573)
Reversal of depreciation on revaluation	-	-	(7,670)	-	(7,670)
At 31 December 2022	-	17,835	-	134,851	152,686
Net book value					
At 31 December 2022	22,212	53,446	551,420	127,298	754,376
At 31 December 2021	-	55,736	622,216	117,057	795,009

* The held for sale category includes care homes that the Group expects to sell within the next financial year.

Notes to the consolidated financial statements (continued)

13. Tangible assets (continued)

	Right of use property £'000	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Unaudited				
Cost or valuation				
At 1 January 2021	67,483	642,072	229,330	938,885
Additions	-	283	16,310	16,593
Remeasurement	1,542	-	-	1,542
Revaluations	-	(10,321)	-	(10,321)
Reversal of depreciation on revaluation	-	(7,694)	-	(7,694)
Reclassifications	-	-	39	39
Disposals	-	(2,124)	(1,207)	(3,331)
At 31 December 2021	69,025	622,216	244,472	935,713
Accumulated depreciation				
At 1 January 2021	8,828	-	113,500	122,328
Charge for the year	4,461	7,699	14,454	26,614
Disposal	-	(5)	(578)	(583)
Reclassification	-	-	39	39
Reversal of depreciation on revaluation	-	(7,694)	-	(7,694)
At 31 December 2021	13,289	-	127,415	140,704
Net book value				
At 31 December 2021	55,736	622,216	117,057	795,009
At 1 January 2021	58,655	642,072	115,830	816,557

The Group's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 30 November 2022 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 consolidated statement of financial position at 31 December 2022. The valuation resulted in a revaluation loss of £48,194,000 (2021 unaudited: loss of £10,321,000). Other tangible assets are stated at cost less impairment.

Historical cost of the Group's revalued land and buildings

	2022 £'000	Unaudited 2021 £'000	Unaudited At 1 January 2021 £'000
Historical cost of revalued assets	394,390	394,828	394,828
Accumulated depreciation based on historical cost	(54,735)	(46,899)	(39,002)
Historical cost net book value	339,655	347,929	355,826
Depreciation charge for the year on historical cost	7,836	7,897	

Notes to the consolidated financial statements (continued)

14. Receivables

	2022 £'000	Unaudited 2021 £'000	Unaudited At 1 January 2021 £'000
Trade receivables*	23,976	19,621	16,381
Amounts owed by Bupa group undertakings	228,391	368,099	342,875
Other receivables	116	-	-
Prepayments	3,260	1,554	2,059

Trade receivables fall due within one year. Trade receivables are stated after provisions for impairment of £442,000 (2021 unaudited: £509,000). See note 25 for ageing analysis of trade receivables and their associated provisions.

Amounts owed by Bupa group undertakings are unsecured, interest is not chargeable, have no fixed date of repayment and are repayable on demand.

Prepayments include payments to Bupa group undertakings for future services.

15. Financial assets and liabilities

The Group holds the following financial assets and liabilities:

	2022 £'000	Unaudited 2021 £'000	Unaudited At 1 January 2021 £'000
Financial assets held at amortised cost			
Trade receivables	23,976	19,621	16,381
Accrued income	7,268	5,630	6,871
Amounts owed by Bupa Group undertakings	228,391	368,099	342,875
Cash	5,982	7,629	5,284
	265,617	400,979	371,411

	2022 £'000	Unaudited 2021 £'000	Unaudited At 1 January 2021 £'000
Financial liabilities held at amortised cost			
Amounts owed to Bupa Group undertakings *, **	227,547	152,186	137,000
Loans from Bupa Group undertakings **	-	186,855	646,131
Lease liabilities	124,904	128,566	133,682
Accruals	13,633	14,210	15,206
Overdraft	4,964	8,377	9,546
	371,048	490,194	941,565

Notes to the consolidated financial statements (continued)

15. Financial assets and liabilities (continued)

Maturity of financial liabilities:

	2022 £'000	Unaudited 2021 £'000
Less than 3 months	3,634	3,265
Three to twelve months	242,602	170,356
One to two years	14,015	200,140
Two to ten years	109,454	112,154
Greater than ten years	46,502	56,833
	416,207	542,748

* Amounts owed to Bupa group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is not chargeable, however a finance cost is imposed by the Bupa Group to reflect the economic cost to the counterparty of providing the current account.

** Loans from Bupa group undertakings are repayable after ten years as follows:

	Date issued	Repayment date	Interest rate	2022 £'000	Unaudited 2021 £'000
Bupa Finance plc	December 2013	December 2023	SONIA +127bps	74,504	186,855

This loan is included in amounts owed to Bupa Group undertakings in 2022 because the loan is due for repayment in less than one year.

16. Leases

	2022 £'000	Unaudited 2021 £'000
At 1 January	128,566	133,683
Remeasurements	3,287	215
Interest on lease liabilities	7,235	7,576
Payments	(14,184)	(12,908)
At 31 December	124,904	128,566
Current	6,507	4,457
Non-Current	118,397	124,109
At 31 December	124,904	128,566

Notes to the consolidated financial statements (continued)

16. Leases (continued)

The maturity of the undiscounted contractual cashflows are as follows:

	2022 £'000	Unaudited 2021 £'000
Less than one year	13,455	13,059
Two to five years	57,804	55,672
Greater than five years	112,167	126,643
	183,426	195,374

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

Variable lease payments that are subject to future changes in an index or rate are not forecasted for in the lease liability but are included when the index or rate, and consequently the lease payment, changes.

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

Additional lease disclosures are included in notes 10, 13, 15.

17. Deferred tax

	2022 £'000	Unaudited 2021 £'000	Unaudited At 1 January 2021 £'000
Deferred tax liability	3,632	6,157	7,318

Deferred taxation is analysed as follows

	2022 Assets £'000	2022 Liabilities £'000	2022 Total £'000	Unaudited 2021 Assets £'000	Unaudited 2021 Liabilities £'000	Unaudited 2021 Total £'000
Accelerated capital allowances	(2,883)	-	(2,883)	(8,983)	-	(8,983)
Revaluation of properties to fair value	-	7,475	7,475	-	16,388	16,388
Other employee benefits	(60)	-	(60)	(60)	-	(60)
Tax value of losses carried forward	(1,877)	-	(1,877)	(2,270)	-	(2,270)
Provisions	(201)	-	(201)	(210)	-	(210)
Goodwill and intangibles	-	1,178	1,178	-	1,292	1,292
	(5,021)	8,653	3,632	(11,523)	17,680	6,157

Notes to the consolidated financial statements (continued)

17. Deferred tax (continued)

The movement in deferred taxation is as follows

	At 1 January 2022 £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	At 31 December 2022 £'000
Accelerated capital allowances	(8,983)	6,100	-	(2,883)
Revaluation of properties to fair value	16,388	(7,764)	(1,149)	7,475
Other employee benefits	(60)	-	-	(60)
Tax value of losses carried forward	(2,270)	393	-	(1,877)
Provisions	(210)	9	-	(201)
Goodwill and intangibles	1,292	(114)	-	1,178
	6,157	(1,376)	(1,149)	3,632

	At 1 January 2021 £'000	Recognised in income statement £'000	Recognised in other comprehensive income £'000	At 31 December 2021 £'000
Unaudited				
Accelerated capital allowances	(6,678)	(2,305)	-	(8,983)
Revaluation of properties to fair value	14,909	2,406	(927)	16,388
Other employee benefits	(49)	(11)	-	(60)
Tax value of losses carried forward	(1,725)	(545)	-	(2,270)
Provisions	(157)	(53)	-	(210)
Goodwill and intangibles	1,019	273	-	1,292
	7,319	(235)	(927)	6,157

As at 31 December 2022 the Group had deductible temporary differences relating to capital losses of £9,105,000 (2021 unaudited: £9,105,000) for which no deferred taxation asset was recognised due to uncertainty of utilisation of those temporary differences.

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

18. Provisions for liabilities

The Group had the following provisions during the year:

	2022 £'000	Unaudited 2021 £'000	Unaudited At 1 January 2021 £'000
Property restoration provision	305	290	275
Other provisions	1,314	3,019	3,675
	1,619	3,309	3,950

Notes to the consolidated financial statements (continued)

18. Provisions for liabilities (continued)

Movements in the restoration provision during the financial year are shown below

	2022 £'000	Unaudited 2021 £'000
At 1 January	289	275
Charged to the profit or loss		
- unwinding of discount	16	14
At 31 December	305	289

Movements in the other provision during the financial year are shown below

	2022 £'000	Unaudited 2021 £'000
At 1 January	3,019	3,675
Charge to the profit or loss	346	468
Released to the profit or loss	(875)	-
Utilised in cash	(1,176)	(1,124)
At 31 December	1,314	3,019

The other provision relates to ongoing legal cases. Given the nature of the legal cases the outcome, settlement amount and date are uncertain. The provision reflects the best estimate to settle the present obligation at the reporting date and it has been assumed that they will be settled within one year from the date of the consolidated statement of financial position.

19. Called up share capital

	2022 £'000	Unaudited 2021 £'000	Unaudited At 1 January 2021 £'000
Allotted, called up and fully paid			
2,675,632,662 (2021 unaudited: 2,675,632,662, 1 January 2021 unaudited: 922,213,958) ordinary shares of 25 pence each	668,908	668,908	230,553

Notes to the consolidated financial statements (continued)

20. Notes to the cash flow statement

Analysis of changes in net debt

	At 1 January 2022	Cashflows	Other non-cash movements	At 31 December 2022
	£'000	£'000	£'000	£'000
Cash at bank and in hand	7,629	(1,647)	-	5,982
Overdraft	(8,377)	3,413	-	(4,964)
Cash and cash equivalents	(748)	1,766	-	1,018
Lease liability	(128,566)	14,184	(10,522)	(124,904)
Loans from Group undertakings (note 15)	(186,855)	279	112,072	(74,504)
Net Debt	(316,169)	16,229	101,550	(198,390)

	At 1 January 2022	Cashflows	Other non- cash movements	At 31 December 2022
	£'000	£'000	£'000	£'000
Unaudited				
Cash at bank and in hand	5,284	2,345	-	7,629
Overdraft	(9,546)	1,169	-	(8,377)
Cash and cash equivalents	(4,262)	3,514	-	(748)
Lease liability	(133,683)	12,908	(7,791)	(128,566)
Loans from Group undertakings	(646,131)	1,272	458,004	(186,855)
Net Debt	(784,076)	17,694	450,213	(316,169)

21. Post-employment benefit

The Bupa Group operates defined benefit and defined contribution pension schemes for the benefit of employees.

Defined contribution pension schemes

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

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

Defined benefit pension schemes

The Bupa Pension Scheme is the principal defined benefit pension scheme which provides benefits based on final pensionable salary.

A subsidiary in the Group participates in The Bupa Pension Scheme. As no agreement exists to allocate pension scheme assets and liabilities between Bupa Group companies, IAS 19: Employee Benefits permits those Bupa Group companies to account for their pension costs as if the Group participates in a defined contribution pension scheme. Therefore, the cost of the pension contributions made to the scheme are recognised within the statement of comprehensive income.

Notes to the consolidated financial statements (continued)

21. Post-employment benefit (continued)

Defined benefit pension schemes (continued)

Charges made to the consolidated statement of comprehensive income of Bupa comprise; the current service cost; net interest; and gains and losses on curtailments.

An independent actuary performs triennial valuations together with periodic interim reviews. Both triennial and interim valuations use the attained age method, recognising the closure of the scheme to new entrants.

The Bupa Pension Scheme was valued as at 31 December 2022 under International Financial Reporting Standards. This valuation showed a surplus before deferred tax of £403,900,000 (2021 unaudited: £540,600,000) with assets of £1,502,800,000 of which £580,561,000 are quoted and £922,162,000 are unquoted (2021 unaudited: £2,410,800,000 of which quoted £932,793,000 and unquoted £1,478,000) and liabilities of £1,098,800,000 (2021 unaudited: £1,870,200,000).

There is no contractual agreement or stated policy for charging the net defined benefit cost. In accordance with IAS 19, the Group recognises a cost equal to its contribution payable for the period, which in the year ended 31 December 2022 was £nil (2021 unaudited: £nil).

Details of the latest valuation of the scheme, the main assumptions, and the full disclosure requirements under IAS 19 are disclosed in the Annual Report of Bupa Limited.

The independent scheme actuary for The Bupa Pension Scheme performs detailed triennial valuations together with annual interim reviews. Both triennial and interim valuations use the attained age method, recognising the closure of the scheme to new entrants. The last triennial valuation, as at 1 July 2020, showed that the Bupa Pension Scheme was in surplus on its Technical Provisions basis. Contributions by Group companies to this scheme have been made in accordance with the recommendations of the independent scheme actuary. The scheme was also in surplus on the more prudent actuarial basis which the trustees use to set their long-term funding target. As a result, no deficit reduction contributions are currently due. This position could change as a result of future valuations.

22. Contingent liabilities, guarantees and other financial commitments

(i) Contingent liabilities

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

(ii) Guarantees

Bupa Care Homes (CFHCare) a subsidiary in the Group 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 Group has no outstanding commitments at the end of either year.

(iv) Capital commitments

The Group has outstanding capital commitments as at 31 December 2022 £1,974,000 (2021 unaudited: £1,274,000.)

Notes to the consolidated financial statements (continued)

23. Related party transaction

Related party transactions are transactions between the Group and related individuals or entities by nature of influence or control. The Group has such relationships with its key management personnel, and equity-accounted investments in the Bupa Group. The disclosure of transactions with these parties in this note enables readers to form a view of the impact of related party relationships on the Group.

All transactions with related parties are conducted on an arm's-length basis.

There were no material transactions during the year with any related parties, as defined by IAS 24 Related Party Disclosures, other than those disclosed in this note.

Transactions with key management personnel

The key management personnel are the Group's Directors. No Director had any material interest in any contracts with Group companies as at 31 December 2022 (2021 unaudited: £nil) or at any time during the year. The remuneration of the Group's Directors is as follows:

	2022 £'000	Unaudited 2021 £'000
Emoluments	1,307	1,412
Group contributions for defined contribution pension scheme	81	86
Amounts receivable under long-term incentive schemes	-	666
Employer's national insurance contributions	218	240
	1,606	2,404

The remuneration for the Directors and key management personnel of the parent company were £nil (2021 unaudited: £nil)

Transactions with entities within the Bupa Group

	2022 £'000	Unaudited 2021 £'000
Sales and purchase of goods and services		
<i>Parent</i>		
Recharges to other entities in the Bupa Group	-	-
Recharges from other entities in the Bupa Group	-	-
<i>Subsidiaries</i>		
Recharges to other entities in the Bupa Group	6,587	6,138
Recharges from other entities in the Bupa Group	37,363	36,003
Finance expense payable and receivable		
<i>Parent</i>		
Finance expense paid to other entities in the Bupa Group	-	4,645
Finance income receivable from other entities in the Bupa Group	-	-
<i>Subsidiaries</i>		
Finance expense to other entities in the Bupa Group	4,800	8,668
Finance income receivable from other entities in the Bupa Group	-	5,679

Amounts owed to and from other entities in the Bupa Group are disclosed in notes 14,15 and 16.

Notes to the consolidated financial statements (continued)

24. Capital Management

The Group's capital management objective is to maintain sufficient capital and access to capital in order to safeguard the Group's ability to continue as a going concern and to protect the interests of its customers and regulators whilst also efficiently deploying capital and managing risk to sustain ongoing business development.

The Group's capital position and the return generated from the capital invested is reviewed at least annually.

The Group uses a variety of metrics to monitor its capital position including its capital and reserves, which are £624,141,000 as at 31 December 2022 (2021 unaudited: £673,932,000). The Group has sufficient capital and access to capital, with the support of Bupa Finance plc, to meet its capital management objectives.

25. Financial Risk Management

The Group is exposed to a variety of financial risks that include credit risk and liquidity risk.

Credit Risk

Credit risk is the risk that those that are in debt to the Group default on their obligation. The Group's credit risk would be associated with the non-payment of a trade receivable. Trade receivables associated with a resident being funded by a government body are considered very low risk. Residents that are self-funded pay in advance.

A customer is considered to have defaulted if an invoice has not been paid by the end of the month in which it was due.

Trade receivables are written off when there is no reasonable expectation of recovery. The indicators that there is no reasonable expectation of recovery include, amongst others, failure of the debtor to engage in a repayment plan, confirmation that the resident or estate has no assets in order to fulfil obligations or all legal routes available to the Group have been exhausted.

The group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECL') which uses a lifetime expected loss allowance for all trade receivables.

Notes to the consolidated financial statements (continued)

25. Financial Risk Management (continued)

Credit risk (continued)

Information regarding the ageing and impairment of trade receivables is shown below:

	Not past due £'000	0-3 months £'000	3-6 months £'000	6 months to 1 year £'000	Greater than 1 year £'000	Total carrying value £'000
2022						
Trade receivables gross value	15,115	5,135	1,651	2,517	-	24,418
ECL	-	(11)	(43)	(388)	-	(442)
Trade receivables net value	15,115	5,124	1,608	2,129	-	23,976
2021 unaudited						
Trade receivables gross value	12,763	3,316	1,470	1,188	1,393	20,130
ECL		(17)	(90)	(219)	(183)	(509)
Trade receivables net value	12,763	3,299	1,380	969	1,210	19,621

Liquidity risk

Liquidity risk is the risk that the Group will not have available funds to meet its liabilities as they fall due.

The Group maintains cash balances and access to funds from Bupa Finance plc that is designed to ensure the Group has sufficient funds for operations and planned capital expenditure.

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 consolidated statement of financial position date from the Group due to other entities in the group headed by Bupa Finance plc. See note 1(d) for more information regarding the Directors going concern assessment and access to funding.

Notes to the consolidated financial statements (continued)

26. Subsidiary undertakings

The following were subsidiary undertakings of the Company as at 31 December 2022. The Group has provided the necessary guarantees under section 479a of the Companies Act 2006 to enable all subsidiaries except those marked with an asterisk (*) to claim exemption from audit.

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 2022, all of which have their registered office at 1 Angel Court, London, United Kingdom, EC2R 7HJ, 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 Services (Commissioning) Limited	Ordinary	100	-
Bupa Care Homes (BNH) Limited	Ordinary	100	-
Bupa Care Homes (BNHP) 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) Limited	Ordinary	100	-
Bupa Care Homes (PT Links) Limited	Ordinary	100	-
Fulford Grange Medical Centre Limited *	Ordinary	50	-

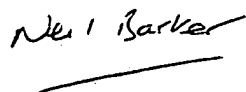
* Dormant entity

Company balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Investments	J	269,869	269,869
Current assets			
Debtors: amounts falling due after more than one year	K	130,603	446,357
Debtors: amounts falling due within one year	K	328,965	1,805
Creditors: amounts falling due within one year	L	(23,202)	(21,049)
Net current assets		436,366	427,113
Total assets less current liabilities		706,235	696,982
Creditors: amounts falling due after more than one year	M	(3,406)	(3,317)
Net assets		702,829	693,665
Capital and reserves			
Called up share capital	N	668,908	668,908
Share premium account		114,141	114,141
Capital redemption reserve		2,110	2,110
Profit and loss account		(82,330)	(91,494)
Total shareholders' funds		702,829	693,665

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. For the year ended 31 December 2022 the parent Company made a profit of £9,164,000 (2021: £16,116,000).

The financial statements on pages 48 to 57 were approved by the Board of Directors on 13 September 2023 and signed on its behalf by



Neil Barker
Director

Registered number: 01969735

13 September 2023

The notes on pages 50 to 57 form part of these financial statements.

Company statement of changes in equity for the year ended 31 December 2022

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance as at 1 January 2022	668,908	114,141	2,110	(91,494)	693,665
Total comprehensive income for the year	-	-	-	9,164	9,164
Balance as at 31 December 2022	668,908	114,141	2,110	(82,330)	702,829

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance as at 1 January 2021	230,553	114,141	2,110	(107,610)	239,194
Total comprehensive income for the year	-	-	-	16,116	16,116
Share capital issued	438,355	-	-	-	438,355
Balance as at 31 December 2021	668,908	114,141	2,110	(91,494)	693,665

The notes on pages 50 to 57 form part of these financial statements.

Notes to the financial statements

A. General information

Bupa Care Homes (CFG) Limited is a 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

B. 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, 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 C

(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);
- 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 (IAS 24);
- 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);
- 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).

Notes to the financial statements (continued)

B. Accounting policies (continued)

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

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 this Group (note 1) 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) Going concern

The Directors have prepared cash flow forecasts collectively for the entities which make up '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 Bupa Finance plc.

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 its intention to continue to make available such funds as are needed by the Company, and that it does not intend to 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.

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.

(d) Taxation

The taxation expense on the profit or loss for the year comprises current taxation. Income taxation is recognised in the 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 other 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.

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

(e) Investments

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

Dividends received from subsidiaries are recognised in the Income Statement when the right to receive the dividend is established.

Notes to the financial statements (continued)

B. Accounting policies (continued)

(f) Share capital

Ordinary shares are classified as equity.

(g) 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.

(h) Loans

Loans are recognised initially at fair value, net of transaction costs incurred. Loans 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.

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

(i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

C. 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) Investment in subsidiary valuations

Investments are tested for impairments where there are indicators that the carrying value of the investments may be greater than the expected present value of future cashflows. Judgement is required to determine whether such indicators exist and where it is determined that a test for impairment is required, the inputs into the impairment model such as growth, future cash flows, discount rates are estimated. These estimates and assumptions can have a significant impact on the result of the calculation and determine whether an impairment is recognised.

Sensitivity analysis

All the assumptions noted above are considered to be significant. An overall change of 1% in the net cash flows in the value in use model due to a change in any of the assumptions would result in a change in the cashflows of £861,000.

Notes to the financial statements (continued)

D. 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 United Kingdom, 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, United Kingdom, EC2R 7HJ. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc.

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

E. Profit before taxation

Profit before taxation is stated after charging:

	2022 £'000	2021 £'000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	5	5

Fees for the audit of the Company represent the amount receivable by the Company's auditors. The amount is not borne by the Company. There have been no non-audit services provided by the Company's auditors (2021: none).

F. Staff costs and directors' remuneration

(i) Staff costs

There were no staff costs for the year ended 31 December 2022 (2021: £nil)

(ii) Directors' remuneration

See note 23 of the consolidated financial statements.

G. Interest receivable and similar income

	2022 £'000	2021 £'000
Interest receivable from Bupa group undertakings	11,404	4,993

H. Interest payable and similar expenses

	2022 £'000	2021 £'000
Interest payable to Bupa group undertakings	90	4,977

Notes to the financial statements (continued)

I. Tax on profit

(iii) Tax included in profit or loss

	2022 £'000	2021 £'000
UK corporation tax on profit for the year	2,150	3
Total current tax	2,150	3
Total tax on profit	2,150	3

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

(iv) Reconciliation of standard tax rate

The tax assessed for the year is the same as (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £'000	2021 £'000
Profit before taxation	11,314	16,119
Profit before taxation at standard UK corporation tax rate of 19% (2021: 19%)	2,150	3,063
Effects of:		
Non-taxable income	-	(3,060)
Total tax on profit	2,150	3

J. Investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2022 and 1 January 2021	269,869
Net book value	
At 31 December 2022 and 31 December 2021	269,869

Details of subsidiaries can be found in note 26 of the consolidated financial statements.

Notes to the financial statements (continued)

K. Debtors

Amounts falling due after more than one year

	2022 £'000	2021 £'000
Loans owed by Bupa group undertakings	130,603	446,357

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

Group undertakings	Date issued	Repayment date	Interest rate	2022 £'000	2021 £'000
Bupa Care Homes (GL) Limited	December 2013	December 2023	SONIA +127bps	-	57,949
Bupa Care Homes (CFCHomes) Limited	December 2013	December 2023	SONIA +127bps	-	98,206
Bupa Care Homes (CFHCare) Limited	December 2013	December 2023	SONIA +127 bps	-	162,922
Bupa Care Homes (BNH) Limited	May 2014	May 2024	SONIA +132bps	130,603	127,280

Amounts falling due within one year

	2022 £'000	2021 £'000
Loans owed by Bupa group undertakings	327,158	-
Amounts owed by Bupa group undertakings	1,807	1,805
	328,965	1,805

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

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

Group undertakings	Date issued	Repayment date	Interest rate	2022 £'000	2021 £'000
Bupa Care Homes (GL) Limited	December 2013	December 2023	SONIA +127bps	59,382	-
Bupa Care Homes (CFCHomes) Limited	December 2013	December 2023	SONIA +127bps	100,706	-
Bupa Care Homes (CFHCare) Limited	December 2013	December 2023	SONIA +127bps	167,070	-
				327,158	-

Notes to the financial statements (continued)

L. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Amounts owed to Bupa group undertakings	23,197	21,044
Accruals	5	5
	23,202	21,049

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

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

	2022 £'000	2021 £'000
Loans owed to subsidiary undertakings	3,406	3,317

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

Group undertakings	Date issued	Repayment date	Interest rate	2022 £'000	2021 £'000
Bupa Care Homes (AKW) Limited	July 2016	July 2026	SONIA +135bps	3,406	3,317
				3,406	3,317

N. Called up share capital

	2022 £'000	2021 £'000
Allotted, called up and fully paid		
2,675,632,662 (2021:2,675,632,662) ordinary shares of 25 pence each	668,908	668,908

O. Contingent liabilities, guarantees and other financial commitments

(v) Contingent liabilities

The Company has no contingent liabilities at the end of the year.

On 16 December 2021, the £800 million revolving credit facility in which the Company had joint and several liabilities for all obligations under the agreement matured.

(vi) Guarantees

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

(vii) Financial commitments

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

(viii) Capital commitments

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

Notes to the financial statements (continued)

P. 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 and key management personnel compensation.