BUPA CARE HOMES (BNH) LIMITED

Registered Number: 02079932

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 DECEMBER 2019

Contents

Strategic Report

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

Principal Activities

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

Results

The profit for the year, after taxation, amounted to £161,000 (2018: loss £4,087,000). The Company had net assets of £41,285,000 (2018: £41,794,000).

Dividends

The Directors do not recommend the payment of a dividend for the year (2018: £nil).

Key Performance Indicators

The key drivers of the Company's results are:

	2019	2018	Analysis
Profit / (loss) before tax (£'000)	1,283	(4,816)	The increased profit is as a result of improved occupancy and a smaller impairment in the year of £2,888,000 this year compared to £8,561,000 last year.
Occupancy percentage (%)	89.2	87.0	Occupancy has remained stable during the year.
Available beds	1,248	1,278	Closure of Holyport Lodge

Definitions and Method of Calculation

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

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

Business model

The Company provides nursing and residential care in 30 homes to around 1,100 residents of which 46% are funded wholly or partly by the public sector through Local Authorities ("LAs"), NHS Clinical Commissioning Groups ("CCGs") and other public sector commissioners.

The Company operates as part of the wider BCS business, which is a leading care homes operator in the UK. BCS provides care in 133 care homes to around 8,500 residents of which 54% are funded wholly or partly by the public sector.

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

Strategic Report (continued)

Business model (continued)

The UK aged care sector remains under pressure with increased costs including the ongoing impact of increases to the National Living Wage, first introduced in April 2016 which rose by 4.9% in April 2019 with a further 6.2% increase in April 2020. BCS continues to take a disciplined approach to fee negotiations with LAs, CCGs and other commissioners in order to recover the true cost of caring for publicly funded residents.

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

Future outlook

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

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

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

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

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

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

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

The Board has a duty to promote the success of the Company for the benefit of its members as a whole having regard to the interests of our customers, our people, our relationship with our suppliers and the impact of our operations on the communities in which we operate, and to ensure that we maintain a reputation for high standards of business conduct.

Strategic Report (continued)

Engaging with our stakeholders (continued)

Our key stakeholders are our customers and our people. Our suppliers, regulators and the communities we operate in are also important stakeholder groups. All key Board decisions take into account the impact on relevant stakeholders. Increasingly, stakeholders are looking to understand our performance across multiple areas from performance to products and services, innovation, governance, workplace practices and corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of different stakeholder groups do not align, the Board must decide on the best course of action to promote the Company's long-term success.

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

Key issues for customers include:

- affordability of health insurance
- high quality products with broad coverage and high standards of care
- simpler and quicker access to services, such as through digital applications

People
As a service organisation, our people are key to our business. We want our people to feel engaged and empowered to deliver great outcomes for our customers and be healthier and happier themselves. A twice-yearly people survey (People Pulse) is run across Bupa in order to assess engagement across the group.

People (continued)
Key issues for employees across the Bupa Group, based on the People Pulse survey include:

- Company Prospects – being excited about Bupa's future;
- Customer focus – helping to deliver a great customer experience
- Collaboration – focusing on efficient and effective working practices across teams;
- Empowerment – feeling empowered to make decisions regarding their work.

Our approach is led locally with all teams planning actions in the light of the People Pulse results and the Board and management team have engaged with our people on the issues important to them.

Regulators
The Company's care homes are regulated by the Care Quality Commission and other relevant regulators. Regulators ultimately aim to protect customers and ensure that they receive high levels of care and are treated fairly. This clearly aligns with our strategy to put our customers front and centre.

Our regulators expect us to:

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

We have an open and honest relationship with the CQC and self-report incidents, work with the CQC to ensure we meet regulatory requirements and act quickly to address any issues or concerns raised.

Strategic Report (continued)

Engaging with our stakeholders (continued)

Suppliers
Suppliers are critical to delivering a high-quality service to our customers and include systems suppliers and suppliers of products to our care homes. We aim to treat our suppliers fairly and pay them within agreed timescales, holding ourselves to high standards of business conduct. 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.

Communities and environment
We play an active role in the communities in which we operate and take care of the environment. The Bupa Group has dedicated Foundations in Australia, Spain and the UK to channel some of our investment. Community and the environment form two pillars of Bupa's CRS strategy and we currently have a global focus on mental wellbeing and resilience. Bupa has recently partnered with Mind in the UK to provide mental health resources for children and young people and for those who support them. Bupa is evaluating the business risks and opportunities associated with climate change, closely managing our environmental impact and actively promoting positive environmental practices. In 2019, the Bupa Group started to define our new set of ambitions to respond to the current environment of climate emergency.

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

Decision	How we took stakeholders into account	Long-term implications
Modern slavery	**People, suppliers and communities** The Company is required to publish a modern slavery statement each year setting out the steps it has taken to prevent modern slavery and human trafficking in its businesses and supply chains. The Board noted the activities taken by management during the year to help ensure Bupa Group's businesses and supply chains are free from modern slavery and human trafficking and approved the Company's modern slavery statement which is available on bupa.com.	The steps the Bupa Group takes in this area help protect our people, the people employed or contracted by our suppliers and the wider communities in which we operate.

Principal risks and uncertainties

The Company and its strategy are subject to a number of risks and uncertainties. Management consider that the key risks and uncertainties arise as a result of chronic underfunding of social care in the UK and policy changes such as continued increases in the National Living Wage, making it difficult to plan and mitigate for such policies effectively. Guidance on the application of consumer law in care homes, published by the Competition and Market Authority (CMA), has also led to a number of amendments to our T&Cs.

Strategic Report (continued)

Principal risks and uncertainties (continued)

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

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

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

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

Registered Office:

1 Angel Court
London
EC2R 7HJ

By Order of the Board

14 August 2020

Michael Harrison
Director

Directors' Report

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

Going Concern and Post Balance Sheet Event

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

As the implications of COVID-19 are indicative of conditions that arose after the end of the reporting period end, it is a subsequent event that does not require any adjustments to the annual accounts for the financial year 2019. Whilst it is not possible, at this stage, to accurately estimate the financial impacts of this crisis, the Directors note, as at the date of approval of these financial statements, occupancy in the care homes has reduced from the year end and some costs have increased in particular personal protective equipment, staff and agency costs. However, as at the date of approval of these financial statements, it is not currently considered that there are any significant doubts over the Company's ability to continue as a going concern for at least a year from the date of approval of these financial statements. We continue to monitor our business for potential impacts and to manage the associated risks.

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

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of COVID-19, the Company will have sufficient funds, through funding from its intermediate parent company, Bupa Finance plc, to meet its liabilities as they fall due for that period.

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

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

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

Directors' Report (continued)

International Financial Reporting Standards

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

Directors

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

N S Barker
J M Elliott
M Harrison
C A Richardson

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

Companies (Audit, Investigations and Community Enterprise) Act 2004

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

Employees

Details of the number of persons employed and gross remuneration are contained in note 5 to the financial statements.

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

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

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

Directors' Report (continued)

Workforce engagement

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

Our culture is shaped by our values and the Bupa Code which sets out what we expect from our people to help them live our values and achieve our purpose. As part of our Five Year Vision, the Bupa Board has also recently agreed a number of leadership imperatives, a set of competencies specific to customer, people, performance and purpose. These will help our senior leaders across the business to deliver performance through putting customers at the heart of everything we do and helping our people be at their best. All employees are required to complete mandatory training on the Bupa Code and other areas including information security and privacy, risk management, conflicts of interest and financial crime.

The Bupa Board monitors behaviours in a number of ways including:

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

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

Listening
The Bupa Group listens to its people and promotes a positive, flexible working environment and a diverse and inclusive culture so everyone can be their authentic selves at work. Our People Pulse survey tool provides sophisticated insights and benchmarking with other companies, so we can learn and listen to what is of interest or concern to our people and act, where appropriate, on what our people are telling us. The survey is run twice a year, and 70% of our people in the Bupa Group took part in the survey conducted in November 2019. The Bupa Board receives reports on the results of each survey and challenges management on the level of participation and action taken to address key themes arising from the results. Overall, the Bupa Group's engagement score has stayed constant at 78 out of 100.

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

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

Directors' Report (continued)

Workforce engagement (continued)

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

Diversity and inclusion
Our approach to diversity and our philosophy is based on inclusion for all. DiverCity, our employee network in the UK raises awareness and understanding of all areas of diversity and inclusion with groups focusing on topics including gender, ethnicity, LGBTQ+, mental wellbeing, ability, faith and working families. We are also working with INvolve to harness LGBTQ+, ethnic minority and female talent and help drive positive cultural change and increase diversity at all levels of our workforce and in the talent pipeline. We are also members of Business Disability International which helps companies and individuals to adapt the workplace and challenge attitudes to disability. The recruitment, training, career development and promotion of all employees is based on the skills, knowledge and experience of the individual and takes no account of age, disability, race, beliefs, gender, sexual orientation or other characteristics. Should employees become disabled during employment, every effort is made to continue their employment and, if necessary, appropriate training is provided.

Having a diverse workforce and an inclusive, accessible working environment, brings fresh views to the table and reflects the customers we serve and communities within which we operate. The People pillar of our corporate responsibility and sustainability (CRS) strategy aims to promote diversity and inclusion during 2020 by further embedding a culture that gives our people the freedom to be their whole selves at work, empower diverse and high performing teams and ensure that our people practices and policies support our people.

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

Disclosure of Information to Auditor

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

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

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

Directors' Report (continued)

Auditor

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

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

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

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

Registered Office:

1 Angel Court
London
EC2R 7HJ

14 August 2020

By Order of the Board

Michael Harrison
Director

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Bupa Care Homes (BNH) Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Going concern

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

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

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

Strategic report and directors' report

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

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

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

Independent auditor's report to the members of Bupa Care Homes (BNH) Limited (continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 11, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

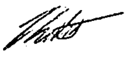
Auditor's responsibilities

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

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

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

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



Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
17 August 2020

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

	Note	**2019** **£'000**	2018 £'000
Turnover	4	65,197	63,917
Cost of sales		(54,775)	(59,739)
Gross profit for the year		10,422	4,178
Administrative expenses		(2,544)	(2,675)
Other operating expenses		(4,084)	(4,059)
Interest payable and similar charges	6	(2,511)	(2,260)
Profit/(loss) before taxation		1,283	(4,816)
Tax on (profit)/loss on ordinary activities	8	(1,122)	729
Profit/(loss) for the financial year		161	(4,087)

Items that will not be reclassified to profit or loss:			
Movement on deferred tax relating to revaluation of properties	14	343	364
Unrealised gain/(deficit) on impairment of properties		(1,013)	(856)
Other comprehensive income/(expenses) for the year, net of tax		(670)	(492)
Total comprehensive expense for the year		(509)	(4,579)

The notes on pages 17 to 30 form part of these financial statements.

Balance sheet
as at 31 December 2019

	Note	**2019** **£'000**	2018 £'000
Fixed assets			
Tangible assets	10	155,551	157,492
Investments		-	-
		155,551	157,492
Current assets			
Debtors	11	10,432	8,167
- due within one year		2,707	848
- due after one year		7,725	7,319
Creditors: amounts falling due within one year	12	(1,048)	-
Net current assets		9,384	8,167
Total assets less current liabilities		164,935	165,659
Creditors: amounts falling due after more than one year	13	(123,650)	(123,865)
Net assets		41,285	41,794
Capital and reserves			
Called up share capital	15	45,000	45,000
Revaluation reserve		7,272	7,942
Profit and loss account		(10,987)	(11,148)
Shareholders' funds		41,285	41,794

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

Michael Harrison
Director

Registered number: 2079932

14 August 2020

The notes on pages 17 to 30 form part of these financial statements.

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

	Note	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2019		45,000	7,942	(11,148)	41,794
Profit for the year		-	-	161	161
Other comprehensive income for the year:					
Unrealised losses		-	(1,013)	-	(1,013)
Movement on deferred tax relating to revaluation reserve	14	-	343	-	343
Total comprehensive income for the year		-	(670)	-	(670)
Balance as at 31 December 2019		45,000	7,272	(10,987)	41,285

	Note	Called up share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2018		45,000	9,271	(7,898)	46,373
Loss for the year		-	-	(4,087)	(4,087)
Other comprehensive income for the year:					
Realised gains		-	(837)	837	-
Unrealised losses		-	(856)	-	(856)
Movement on deferred tax relating to revaluation reserve	14	-	364	-	364
Total comprehensive income for the year		-	(1,329)	837	(492)
Balance as at 31 December 2018		45,000	7,942	(11,148)	41,794

The notes on pages 17 to 30 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

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

(a) Basis of Preparation

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

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

(b) Exemptions from the Requirements of IFRS

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

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

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

As the consolidated financial statements of Bupa (note 3) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

(c) Exemption from Consolidation

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group (note 3).

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(d) New standards, amendments and IFRIC interpretations

The new leases standard, IFRS 16 effective from 1 January 2019 has been adopted by the Company but resulted in no impact. The Company has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (£4,000). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

The following financial reporting standards, amendments and interpretations have been issued but are not effective for the year ended 31 December 2019 and have not been early adopted by the Company. They are not expected to have a significant impact when they are effective.

- IFRS 17 – Insurance Contracts
- IFRS 3 – Business Combinations amendment
- IAS 1 and IAS 8 amendments

(e) Going Concern

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

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of COVID-19, the Company will have sufficient funds, through funding from its intermediate parent company, Bupa Finance plc, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Bupa Finance plc not seeking repayment of the amounts currently due from BCS, which at 31 December 2019 amounted to £389,256,000, and providing additional financial support during that period. The directors have considered the impact of the COVID-19 pandemic on the ability of BUPA Finance plc to provide the financial support required by the company. BUPA Finance PLC's going concern status has been considered and, based on its current position, forecast results and solvency capital, it has been concluded that Bupa Finance PLC has adequate resources to operate for at least the next 12 months from the approval of these financial statements. Therefore, the directors are confident that BUPA Finance Plc can provide financial support up to the level required for at least the next 12 months. Bupa Finance plc has indicated its intention to continue to make available such funds as are needed by the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts.

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

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

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(f) Turnover

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

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

(g) Interest Income

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

(h) Taxation and Deferred Taxation

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

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

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

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

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

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

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

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

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(i) Tangible Fixed Assets

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

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

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

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

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
Leasehold improvements	Term of the lease
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 profit and loss account in the period they arise.

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

(j) 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 nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(k) Financial Assets

Classification
The Company classifies its financial assets in the following categories: at fair value through profit or as amortised cost. It does not have any assets categorised as fair value through other comprehensive income. Th 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. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables.

Recognition and measurement
Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost.

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

Impairment of financial assets

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

(l) 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.

(m) Share Capital

Ordinary shares are classified as equity.

Notes to the financial statements (continued)

1. Accounting Policies (continued)

(n) Provisions

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

2. Critical Accounting Estimates and Judgments

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

(a) Property Valuations

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

(b) Useful Economic Lives of Tangible Fixed Assets

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

3. Immediate and Ultimate Parent Company

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

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

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

Notes to the financial statements (continued)

4. Turnover

Turnover comprises

	2019	2018
	£'000	£'000
Care homes operations	65,197	63,917

5. Staff Costs and Directors' Remuneration

(i) Staff Costs

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

	2019	2018
Health care	1,397	1,474

The aggregate payroll costs of those persons were as follows:

	2019	2018
	£'000	£'000
Wages and salaries	35,628	35,689
Social security costs	2,435	2,405
Other pension costs	124	119
	38,187	38,213

(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 Company for the year was £328,000 (2018: £229,000)

The remuneration of the highest paid Director was:

	2019	2018
	£'000	£'000
Emoluments	498	364
Amounts receivable under long-term incentive schemes	310	41
	808	405

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 financial statements.

6. Interest Payable and Similar Charges

	2019	2018
	£'000	£'000
Bupa Group undertakings	2,511	2,260

Notes to the financial statements (continued)

7. Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:

	2019	2018
	£'000	£'000
Depreciation of tangible fixed assets	4,722	5,287
Impairment of tangible fixed assets	2,888	8,561
Operating lease rentals:		
- plant and machinery	-	121
Expenses relating to short term leases	140	-
Fees payable to the Company's auditor for the audit of the Company's annual accounts	36	26

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

8. Tax on Profit on Ordinary Activities

(i) Tax included in profit or loss

	2019	2018
	£'000	£'000
UK corporation tax on profit for the year	1,121	1,032
Adjustments in respect of prior periods	64	(206)
Total current tax charge	1,185	826
Deferred tax		
Origination and reversal of timing differences	(122)	(754)
Change in tax rates	-	-
Adjustments in respect of prior periods	59	(801)
Total deferred tax credit	(63)	(1,555)
Total tax charge/(credit) on profit/(loss) on ordinary activities	1,122	(729)

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

	2019	2018
	£'000	£'000
Deferred taxation charge in respect of:		
Movement on deferred tax relating to revaluation of property	(343)	(364)
Total tax credit included in other comprehensive income	(343)	(364)

Notes to the financial statements (continued)

8. Tax on Profit on Ordinary Activities (continued)

(iii) Reconciliation of effective tax rate

	2019 £'000	2018 £'000
Profit/(loss) on ordinary activities before taxation	1,283	(4,816)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	244	(915)
Effects of:		
Expenses not deductible for tax purposes	907	1,834
Non-assessable income	-	(21)
Deferred tax on property movements	(166)	(709)
Adjustments in respect of current income tax of previous years	64	(206)
Adjustments in respect of deferred tax of previous years	59	(801)
Change in taxation rates	14	89
Total tax charge/(credit) on profit/(loss) on ordinary activities	1,122	(729)

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate had been substantively enacted at the current balance sheet date the deferred tax asset would have been increased by £909,000.

9. Investments

Details of the related undertakings of the Company as at 31 December 2019, which is directly and wholly owned and has its registered office at 1 Angel Court, London, EC2R 7HJ, as disclosed below:

	Type of Business	**Share Class**
Bupa Care Homes (BNHP) Limited	Dormant	Ordinary

Notes to the financial statements (continued)

10. Tangible Fixed Assets

	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation			
At 1 January 2019	131,072	44,395	175,467
Additions	(7)	6,689	6,682
Revaluations	(1,013)	-	(1,013)
Reversal of depreciation on revaluation	(1,632)	-	(1,632)
Impairment losses	(2,888)	-	(2,888)
Reclassifications	(53)	80	27
At 31 December 2019	125,479	51,164	176,643
Depreciation			
At 1 January 2019	-	17,975	17,975
Charge for the year	1,632	3,090	4,722
Reversal of depreciation on revaluation	(1,632)	-	(1,632)
Reclassifications	-	27	27
At 31 December 2019	-	21,092	21,092
Net Book Value			
At 31 December 2019	125,479	30,072	155,551
At 31 December 2018	131,072	26,420	157,492

The Company's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 30 November 2019 on the basis of existing use. The valuation was made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations were incorporated into the balance sheet at 31 December 2019. Other tangible assets are stated at cost less impairment.

Analysis of cost or valuation of land and buildings

	2019 £'000	2018 £'000
At open market value	52,551	53,624
At cost	183,809	183,809
Disposal	(26,535)	(26,535)
Aggregate depreciation thereon	(7,780)	(6,148)
Impairment losses	(76,566)	(73,678)
	125,479	131,072

If land and buildings had not been revalued they would have been included at the following amounts:

	2019 £'000	2018 £'000
Historical cost of revalued assets	194,560	197,508
Depreciation based on historical cost	(15,211)	(13,488)
Historical cost net book value	179,349	184,020

Notes to the financial statements (continued)

11. Debtors

Due within one year	**2019** **£'000**	2018 £'000
Amounts owed by Group undertakings	2,707	848

Due after one year	**2019** **£'000**	2018 £'000
Deferred Tax (note 14)	7,725	7,319

Trade debtors and creditors arising from the care home operations are collected and settled by other Bupa group undertakings. The working capital movements associated with the payments are settled through its intercompany current accounts with other Bupa group undertakings.

12. Creditors – Amounts Falling Due Within One Year

	2019 **£'000**	2018 £'000
Amounts owed to Bupa Group undertakings	1,048	-

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

13. Creditors – Amounts Falling Due After One Year

Due after one year	**2019** **£'000**	2018 £'000
Amounts owed to Bupa Group undertakings	123,650	123,865

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

	Date Issued	Repayment date	Interest rate	**2019** **£'000**	2018 £'000
Bupa Care Homes (CFG) plc	May 2014	May 2024	110 basis points over six months LIBOR	123,650	123,865

Notes to the financial statements (continued)

14. Deferred Tax

Deferred taxation is analysed as follows

	2019 Assets £'000	**2019 Liabilities £'000**	**2019 Total £'000**	2018 Assets £'000	2018 Liabilities £'000	2018 Total £'000
Accelerated capital allowances	477	-	477	562	-	562
Revaluation of properties to fair value	7,248	-	7,248	6,757	-	6,757
	7,725	-	7,725	7,319	-	7,319

The movement in deferred taxation is as follows:

	At 1 January 2019 £'000	Recognised in profit and loss account £'000	Recognised in other comprehensive income £'000	At 31 December 2019 £'000
Accelerated capital allowances	562	(85)	-	477
Revaluation of properties to fair value	6,757	148	343	7,248
	7,319	63	343	7,725

	At 1 January 2018 £'000	Recognised in profit and loss account £'000	Recognised in other comprehensive income £'000	At 31 December 2018 £'000
Accelerated capital allowances	(358)	556	364	562
Revaluation of properties to fair value	5,758	999	-	6,757
	5,400	1,555	364	7,319

15. Called up Share Capital

	2019 £'000	2018 £'000
Allotted, called up and full paid		
Equity interest		
45,000,259 (2018: 45,000,259) ordinary shares of £1 each	45,000	45,000

16. Post Employment Benefit

The Bupa Group operates defined benefit and defined contribution pension schemes for the benefit of employees. The Bupa Pension Scheme is the principal defined benefit pension scheme which provides benefits based on final pensionable salary, with charges made to the profit and loss account of Bupa comprising the current service cost calculated on the projected unit method, interest cost on plan liabilities, less the expected return on plan assets, and gains and losses on curtailments.

The Bupa Pension Scheme was closed to new entrants from 1 October 2002. Under this scheme, contributions by employees and the Bupa Group are administered by trustees in funds independent of the Group. The scheme is funded to cover future pension liabilities allowing for future earnings and pension increases.

Notes to the financial statements (continued)

16. Post Employment Benefit (continued)

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 2019 under the requirements of International Financial Reporting. This valuation showed a surplus before deferred tax of £648m (2018: £598.8m) with assets of £2,251.7m (2018: £2,068.5m) and liabilities of £1,603.7m (2018: £1,469.7m), which would not be materially different from a valuation performed under the requirements of FRS 101. It is not possible to identify the Company's share of this surplus on a consistent and reliable basis, therefore, as permitted by IAS 19, the pension contributions paid by the Company relating to this scheme are charged to the profit and loss account of the Company.

Details of the latest valuations of the scheme and main assumptions are included in the annual report and accounts of the ultimate holding company, Bupa.

At the most recent triennial valuation, as at 1 July 2017 the scheme's independent actuary recommended payment of employer contributions at the rate of 33.8%. In addition to these employer contributions a payment equivalent to the employee contribution of 7% of pensionable salaries is paid as part of the Group's salary sacrifice arrangement (known as PeopleChoice Pensions). There is a corresponding reduction in members' wages and salaries as a result.

The full disclosure requirements under IAS 19 are disclosed in the Annual Report and Accounts of Bupa.

17. Contingent Liabilities, Guarantees and Other Financial Commitments

(i) Contingent Liabilities

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

(ii) Guarantees

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

(iii) Financial Commitments

The Company has no financial commitments at the end of either year

(iv) Capital Commitments

The Company has £356,000 (2018: £nil) of outstanding capital commitments at the end of the year.

18. Related Party Transactions

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

See note 5 for disclosure of the Directors' remuneration.

Notes to the financial statements (continued)

19. Post Balance Sheet Event

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

As the implications of COVID-19 are indicative of conditions that arose after the end of the reporting period end, it is a subsequent event that does not require any adjustments to the annual accounts for the financial year 2019. Whilst it is not possible, at this stage, to accurately estimate the financial impacts of this crisis, the Directors note, as at the date of approval of these financial statements, occupancy in the care home(s) has reduced from the year end and some costs have increased in particular personal protective equipment, staff and agency costs. However, as at the date of approval of these financial statements, it is not currently considered that there are any significant doubts over the Company's ability to continue as a going concern for at least a year from the date of approval of these financial statements. We continue to monitor our business for potential impacts and to manage the associated risks.