

RICHMOND NORTHAMPTON LIMITED

Registered Number: 05205197

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

31 DECEMBER 2021

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Directors' report

The Directors present their annual report and the audited financial statements of Richmond Northampton Limited ("the Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the Company is a holding and investment company. The Company, together with certain fellow UK subsidiary undertakings of the Company's ultimate parent, The British United Provident Association Limited ("Bupa"), with similar activities, form the business unit Bupa Care Services ("BCS").

Significant events

The Company issued 70,120 £1 ordinary shares at par during the year ended 31 December 2021. The Company reorganised its shareholder funds between the called-up share capital and the profit and loss account. This resulted in a reduction of share capital by £9,065,908 with a corresponding increase in the profit and loss account.

Results

The profit for the year, after taxation, amounted to £21,000 (2020: £39,000). At the balance sheet date, the Company had net assets of £12,000 (2020: £2,399,000).

Dividends

The Directors made a payment of a dividend during the year of £247,800 per share totalling £2,478,000 (2020: £nil). No further dividends are recommended.

Going concern

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

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

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

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

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

Directors' report (continued)

International financial reporting standards and financial reporting requirements

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

Future outlook

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

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

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

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

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

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 (appointed 18 March 2021)
J M Elliott (appointed 18 March 2021, resigned 2 July 2021)
M Harrison
R Pearson (appointed 2 July 2021)
A Waton (appointed 18 March 2021)
Bupa Secretaries Limited (resigned 18 March 2021)

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

Qualifying third party indemnity provision

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

Directors' report (continued)

Energy use and emissions data

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

Small companies' exemption

The Company has taken advantage of the exemption available in section 414B of the Companies Act 2006 from preparing a strategic report as the Company is entitled to prepare financial statements for the year in accordance with the small companies' regime.

Statement of corporate governance arrangements

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

Financial risk management

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

Liquidity risk

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

Independent auditors

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

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements (continued)

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

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

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

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

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

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

Registered Office:
1 Angel Court
London
United Kingdom
EC2R 7HJ

16 August 2022

On behalf of the Board



Michael Harrison
Director

Independent auditors' report to the members of Richmond Northampton Limited

Report on the audit of the financial statements

Opinion

In our opinion, Richmond Northampton Limited's financial statements:

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

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

Independent auditors' report to the members of Richmond Northampton Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Independent auditors' report to the members of Richmond Northampton Limited (continued)

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

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

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Richmond Northampton Limited (continued)

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Elizabeth Ross-Jones (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
16 August 2022

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 £'000	2020 £'000
Impairment in investments in subsidiary companies	10	(6)	-
Interest receivable and similar income	7	33	48
Profit before taxation	5	27	48
Tax on profit	8	(6)	(9)
Profit for the financial year		21	39
Other comprehensive income		-	-
Total comprehensive income for the year		21	39

All activities relate to continued operations.

The notes on pages 12 to 19 form part of these financial statements.

Balance sheet

as at 31 December 2021

	Note	2021 £'000	2020 £'000
Fixed assets			
Investments in subsidiary companies	10	-	6
Loans to group undertakings	11	-	2,445
		-	2,451
Current assets			
Debtors	12	70	-
Creditors: amounts falling due within one year	13	(58)	(52)
Net current assets		12	(52)
Total assets less current liabilities		12	2,399
Net assets		12	2,399
Capital and reserves			
Called up share capital	14	-	8,996
Profit and loss account		12	(6,597)
Total shareholders' funds		12	2,399

The financial statements on pages 9 to 19 were approved by the Board of Directors on 16 August 2022 and signed on its behalf by



Michael Harrison
Director

Richmond Northampton Limited
Registered number: 05205197

16 August 2022

The notes on pages 12 to 19 form part of these financial statements.

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

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance as at 1 January 2021	8,996	(6,597)	2,399
Profit for the year	-	21	21
Total comprehensive income for the year	-	21	21
Share capital issued	70	-	70
Reorganisation	(9,066)	9,066	-
Dividend paid	-	(2,478)	(2,478)
Total transactions with owners, recognised directly in equity	(8,996)	6,588	(2,408)
Balance as at 31 December 2021	-	12	12
Balance as at 1 January 2020	8,996	(6,636)	2,360
Profit for the year	-	39	39
Total comprehensive income for the year	-	39	39
Balance as at 31 December 2020	8,996	(6,597)	2,399

The notes on pages 12 to 19 form part of these financial statements.

Notes to the financial statements

1. General information

Richmond Northampton Limited is a private company limited by shares, incorporated and domiciled in England. Its registered office and principal place of business is:

1 Angel Court
London
United Kingdom
EC2R 7HJ

2. Accounting policies

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

(a) Basis of preparation

The financial statements have been prepared on a going concern basis and under the historical cost convention, in accordance with applicable UK accounting standards.

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

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

(b) Exemptions from the requirements of IFRS

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

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

2. 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 Bupa (note 4) include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

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

(c) New standards, amendments and IFRIC interpretations

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

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

(d) Exemption from consolidation

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

(e) Going concern

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

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

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

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

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

Notes to the financial statements (continued)

2. Accounting policies (continued)

(f) Interest income

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

(g) Taxation

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

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

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

(h) Investments in subsidiary companies

Investments in subsidiary companies are carried at cost less impairment in the Company's financial statements. Investments are reviewed annually to test whether any indicators of impairment exist. Where there is objective evidence of such an asset being impaired, the investment is impaired to its recoverable value and any unrealised loss is recorded in the statement of comprehensive income.

Dividends received from subsidiaries are recognised in the statement of comprehensive income when the right to receive the dividend is established.

As at 31 December 2021, the Company held investments in subsidiaries of £nil (2020: £6,000). In accordance with Section 409 of the Companies Act 2006 a full list of subsidiaries as at 31 December 2021, is disclosed in note 10.

(i) 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.

(j) Financial assets

Classification

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

Notes to the financial statements (continued)

2. Accounting policies (continued)

(j) Financial assets (continued)

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

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

(b) *Amortised cost*

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

Recognition and measurement

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

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

Impairment of financial assets

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

(k) **Share capital**

Ordinary shares are classified as equity.

3. Critical accounting estimates and judgements

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.

There were no critical accounting estimates or judgements in the preparation of these financial statements.

Notes to the financial statements (continued)

4. Immediate and ultimate parent company

The immediate parent undertaking of the Company is Richmond Care Villages Holdings Limited, with its registered office at 1 Angel Court, London, United Kingdom, EC2R 7HJ.

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

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

5. Profit before taxation

Profit before taxation is stated after charging:

	2021 £'000	2020 £'000
Impairment of investments in subsidiary companies	6	-

Fees for the audit of the Company of £5,000 (2020: £2,000) for the year ended 31 December 2021 were borne by another Group company, Bupa Limited. There have been no non-audit services provided by the Company's auditors (2020: none).

6. Staff costs and directors' remuneration

(i) Staff costs

There were no staff costs for the year ended 31 December 2021 (2020: £nil).

The Company had no employees and no other employee costs during the year.

(ii) Directors' remuneration

The emoluments of the Directors are borne entirely by Bupa Group undertakings and are disclosed in the financial statements of those companies. Directors may also serve as Directors of other Bupa Group companies and part of their emoluments may be attributed to and disclosed in the financial statements of those companies. The value of the qualifying services provided by the Directors to the Company during the year was £nil (2020: £nil).

7. Interest receivable and similar income

	2021 £'000	2020 £'000
Interest receivable from Bupa group undertakings	33	48

8. Tax on profit

(i) Tax included in profit or loss

	2021 £'000	2020 £'000
UK corporation tax on profit for the year	6	9
Total tax charge on profit	6	9

Notes to the financial statements (continued)

8. Tax on profit (continued)

(ii) Reconciliation of standard tax rate

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

	2021 £'000	2020 £'000
Profit before taxation	27	48
Profit before taxation at standard UK corporation tax rate of 19% (2020: 19%)	5	9
Effects of:		
Expenses not deductible for tax purposes	1	-
Total tax charge for the year	6	9

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

9. Dividend

	2021 £'000	2020 £'000
Ordinary shares		
Dividends paid in the year of £247,800 per share	2,478	-

10. Investments in subsidiary companies

	Subsidiary undertakings £'000
Cost or valuation	
At 1 January 2021 and 31 December 2021	9,002
Accumulated impairment	
At 1 January 2021	8,996
Impairment charge	6
At 31 December 2021	9,002
Net book value	
At 31 December 2021	-
At 31 December 2020	6

In the opinion of the Directors the investments in the Company's subsidiaries are worth at least the amounts at which they are stated in the balance sheet.

Related undertakings

In accordance with section 409 of the Companies Act 2006, a full list of related undertaking of the Company as at 31 December 2021, which is directly and wholly owned and has its registered office at 1 Angel Court, London, United Kingdom, EC2R 7HJ is disclosed below:

Notes to the financial statements (continued)

10. Investments in subsidiary companies (continued)

Name of undertaking	Share class
Richmond Letcombe Limited	Ordinary

11. Loans to group undertakings

	2021 £'000	2020 £'000
Loans owed by Bupa group undertakings	-	2,445

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

	Date issued	Repayment date	Interest rate	2021 £'000	2020 £'000
Richmond Villages Operations Limited	December 2014	On demand	Six months LIBOR plus 110 basis points	-	2,445

12. Debtors

	2021 £'000	2020 £'000
Amounts owed by Bupa group undertakings	70	-

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

13. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to Bupa group undertakings	58	52

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

14. Called up share capital

	2021 £'000	2020 £'000
Allotted, called up and fully paid		
Equity interest		
10 (2020: 8,995,788) ordinary shares of £1 each	-	8,996

The Company issued 70,120 £1 ordinary shares at par during the year ended 31 December 2021. The Company reorganised its shareholder funds between the called-up share capital and the profit and loss account. This resulted in a reduction of share capital by £9,066,000 with a corresponding increase in the profit and loss account.

Notes to the financial statements (continued)

15. Contingent liabilities, guarantees and other financial commitments

(i) Contingent liabilities

There were no contingent liabilities at the end of either year.

(ii) Guarantees

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

(iii) Financial commitments

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

(iv) Capital commitments

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

16. 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 6 for disclosure of the Directors' remuneration.