Aetna Global Holdings Limited

Strategic report, Directors' report and financial statements for the year ended 31 December 2019

Registered number 9452770

Contents

Strategic report

Review of the business

The Company acts as a holding company in the UK for its ultimate parent, CVS Health Corporation and is active in acquiring and disposing of investments. This holding structure facilitates the continued long-term investment for the growth of the Aetna International business. These activities are expected to continue in 2020.

On 1 March 2018, it purchased the Canadian Insurance Company Limited domiciled in Hong Kong and subsequently re-branded it as Aetna Insurance Hong Kong Limited. The purchase price for the Canadian Insurance Company was USD 30,532,924. Recognising its reported loss in 2018 and immediate future prospects, the investment was impaired to USD 22,186,520. The Company also invested on 7 March 2018 in a new company, Virtual Home Health Care LLC domiciled in the UAE. Recognising its ongoing losses and the future prospects of becoming profitable, the value of this investment was fully impaired during the year. These two investments were funded by the issue of 31,050,000 new shares in 2018 and 3,125,811 new shares in 2019. With the exception of Aetna Holdings (Thailand) Limited (49% shareholding) and Virtual Health Home Care LLC (49% holding), the Company holds the entire shareholdings of its subsidiaries either directly or indirectly. The legal structure of the shareholding in Aetna Holdings (Thailand) Limited and Virtual Health Home Care LLC is such that the Company retains sufficient control of these subsidiaries. At the end of 2019, Aetna Korea's main client contract expired and its board is reviewing its future with a view to an orderly wind-up of the company.

The Company presents its fifth set of financial statements for the year ended 31 December 2019.

The Company recorded a loss after taxation of USD 2,200,000 (2018: loss USD 9,812,423) due to the write-down of the investment in Virtual Home Health Care LLC.

As the principal activity of the Company is that of holding company, the directors do not utilise key performance indicators to monitor and evaluate performance.

Risks and uncertainties

The main risks and uncertainties facing the Company are disclosed in note 4.

As the immediate holding company of Aetna Korea Limited, Aetna Holdings (Thailand) Limited, Aetna Insurance (Hong Kong) Limited and Virtual Home Health Care LLC, the Company's main risk relates to its holding of its investment in those companies and any events which could result in impairment in their valuations. The directors closely monitor the performance of these investments.

Going concern

The financial position of the Company is disclosed on the statement of financial position on page 9. Notwithstanding a loss for the year ended 31 December 2019 of USD 2,200,000 (2018: USD loss of 9,812,423), the financial statements have been prepared on a going concern basis which the directors consider appropriate for the following reasons.

The current year performance and forecast result of the subsidiaries indicates impairment of the cost of the investments only where identified and Aetna International Inc. has indicated its intention to continue to make available such funds as are needed by the Company for at least twelve months from the date of approval of these financial statements and the directors are confident that Aetna International Inc. will continue to support the Company. 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.

COVID-19

The Company continues to actively monitor the impact of the COVID-19 virus. All staff supporting the Company are successfully following a work at home policy, with no material interruption to the Company's operations.

The Company has increased governance protocols to ensure that all decisions are taken in line with continued management oversight and effective internal controls. The Company has support from Aetna International Inc. (and its ultimate parent, CVS Health) and there are no concerns about the financial resources to support continued operations.

By order of the board

Damian Connolly
Director

7 September 2020

Director's report

The directors present the director's report and financial statements for the year ended 31 December 2019.

Registered office

The registered office and principal place of business of the Company is 50, Cannon Street, London, England, EC4N 6JJ.

Principal activity

The principal activity of the Company is to act as an intermediate holding company for an international private medical insurance group.

Dividends

The directors do not recommend the payment of a dividend (2018: nil)

Directors

The directors who held office during the year were as follows:

Damian Connolly
Leslie Carter resigned 8 August 2019
Mark Howe appointed 8 August 2019

Employees

As a holding company, the Company had no employees during the year other than its Directors.

Political and charitable contributions

The Company made no charitable or political donations during the year (2018 nil).

Policy and practice on payment of creditors

It is the Company's policy to pay its providers and other creditors promptly and in any event in accordance with agreed terms and conditions.

Financial instruments

The Company does not maintain any financial instruments. The financial risk factors affecting the Company include credit risk, liquidity risk and market risk. Information on the financial risk management objectives and policies of the Company and the exposure of the Company to the financial risk factors is given in note 4. The Company does not use derivatives to mitigate financial risk.

Capital

The Company's immediate parent, Aetna International Inc. subscribed for an additional 2,125,811 and 1,000,000 USD 1 Ordinary Shares in the Company in June and December 2019 respectively.

Director's report (continued)

Disclosure of information to auditors

The directors who held office at the date of approval of this director's report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

The Company appointed Ernst & Young LLP whose address is The Paragon, Counterslip, Bristol BS1 6BX as its external auditors during the year. Pursuant to section 487 (2) of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board

Damian Connolly
Director

50, Cannon Street,
London
England
EC4N 6JJ

7 September 2020

Statement of director's responsibilities in respect of the strategic report and director's 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AETNA GLOBAL HOLDINGS LIMITED

Opinion

We have audited the financial statements of Aetna Global Holdings Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 2a and Note 13 of the financial statements, which describes the economic uncertainty the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

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

Use of our report

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.

Ernst & Young LLP

Andy Blackmore (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol
7 September 2020

Statement of Comprehensive Income
For the year ended 31 December 2019
Stated in United States dollars

	Note	31 December 2019	31 December 2018
Administrative expenses		-	(40,208)
Investment impairment	8	(2,200,000)	(9,772,215)
(Loss)/Profit before income tax	5	(2,200,000)	(9,812,423)
Taxation	7	-	-
(Loss)/Profit retained for the year		(2,200,000)	(9,812,423)

There are no items of other comprehensive income.

All operations are continuing operations.

Notes and information on pages 13 to 20 form part of these financial statements.

Statement of Financial Position

As at 31 December 2019
Stated in United States dollars

	Note	31 December 2019	31 December 2018
Assets			
Investment in subsidiaries	8	95,220,044	95,220,044
Total non-current assets		95,220,044	95,220,044
Trade and other receivables		1,795	1,767
Cash and cash equivalents		252,825	252,853
Total current assets		254,620	254,620
Total assets		95,474,664	95,474,664
Liabilities			
Trade and other payables	9	-	(925,811)
Total liabilities		-	(925,811)
Net current assets/(liabilities)		254,619	(671,191)
Net assets		95,474,664	94,548,853
Equity			
Share capital	10	120,309,399	117,183,588
Retained deficit		(24,834,735)	(22,634,735)
Total equity		95,474,664	94,548,853

These financial statements were approved by the board of directors on 7 September 2020 and were signed on its behalf by:

Damian Connolly
Director

Notes and information on pages 13 to 20 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2019
Stated in United States dollars

	Attributable to equity holders of the Company		
	Share capital	Retained deficit/earnings	Total equity
Balance at 31 December 2017	86,133,588	(12,822,312)	73,311,276
Loss for the year	-	(9,812,423)	(9,812,423)
Issued during the year	31,050,000	-	31,050,000
Balance at 31 December 2018	117,183,588	(22,634,735)	94,548,853
Loss for the year	-	(2,200,000)	(2,200,000)
Issued during the year	3,125,811	-	3,125,811
Balance at 31 December 2019	120,309,399	(24,834,735)	95,474,664

Notes and information on pages 13 to 20 form part of these financial statements.

Statement of Cash Flows
For the year ended 31 December 2019
Stated in United States dollars

	Note	31 December 2019	31 December 2018
Cash flows from operating activities			
(Loss) for the year		(2,200,000)	(9,812,423)
Adjustments for:			
Investment income		-	-
Impairment of investments		2,200,000	9,772,215
(Increase)/Decrease in trade and other receivables		(28)	(1,068)
Increase/(Decrease) in trade and other payables	9	(925,811)	915,811
Net cash (outflow)/inflow from operating activities		(925,839)	874,535
Cash flows from investing activities			
Investment in subsidiaries	8	(2,200,000)	(31,958,735)
Net cash outflow from investing activities		(2,200,000)	(31,958,735)
Cash flows from financing activities			
Issue of new shares	10	3,125,811	31,050,000
Net cash inflow from financing activities		3,125,811	31,050,000
Net (decrease)/increase in cash and cash equivalents		(28)	(34,200)
Cash and cash equivalents at the beginning of the year		252,853	287,053
Cash and cash equivalents at the end of the year		252,825	252,853

Notes on pages 13 to 20 form part of these financial statements.

Notes to the financial statements

(forming part of the financial statements)
Stated in United States dollars

1. Reporting entity

Aetna Global Holdings Limited (the "Company") is a company domiciled in England. The address of the Company's registered office is 50, Cannon Street, London, England, EC4N 6JJ. The Company's principal business activity is acting as a holding company for an international private medical insurance group.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The Company has applied all IFRSs and interpretations adopted by the EU at 31 December 2019.

Notwithstanding a loss for the year ended 31 December 2019 of USD 2,200,000 (2018: USD loss of 9,812,423), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The current year performance and forecast result of the subsidiaries indicates impairment of the cost of the investments only where identified and Aetna International Inc. has indicated its intention to continue to make available such funds as are needed by the Company for at least twelve months from the date of approval of these financial statements and the directors are confident that Aetna International Inc. will continue to support the Company. 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.

The financial statements were approved by the Board of Directors on 7 September 2020.

New standards and interpretations adopted

Standards adopted in the year are either outside the scope of Company transactions or do not significantly impact the Company. These standards are IFRS 16 Leases, IFRIC 23, Uncertainty over Income Tax Treatments, and Annual Improvements to IFRS Standards 2015-17 Cycle.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in United States dollars which is the Company's functional currency.

(d) Group accounts

The financial statements present information about the Company as an individual undertaking and not about its group under the exemption afforded to it by section 248 of the Companies Act 2006, because the Company and all its subsidiary undertakings are included in the consolidated financial statements of CVS Health Corporation; a company incorporated in Delaware, USA.

Notes to the financial statements (continued)

(forming part of the financial statements)
Stated in United States dollars

2. Basis of Preparation (continued)

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets is included in note 4.

3. Significant accounting policies

(a) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

(b) Financial income and expenses

Financial income and expenses include foreign exchange gains and losses on administrative expenses and are recognised on an accruals basis.

(c) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries entities to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax 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. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(d) Investment in subsidiaries

The Company's investment in subsidiaries is carried at cost less impairment in the statement of financial position.

Notes to the financial statements (continued)

(forming part of the financial statements)
Stated in United States dollars

3. Significant accounting policies (continued)

(e) Non-derivative financial instruments

Non-derivative financial instruments comprise equity investments in equity and securities, trade and other receivables, trade and other payables and cash and cash equivalents.

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. The inter-group balances are repayable on demand.

(iii) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iv) Impairment

Policy applicable before 1 January 2019

The carrying amount of financial instruments is reviewed to determine whether there is any indication of impairment. An asset is impaired where its carrying amount exceeds its recoverable amount. Where any impairment exists, the loss is recognised in the statement of comprehensive income in the financial year in which it arises.

Policy applicable from 1 January 2019

The company recognises loss allowances for expected credit losses (ECLs) on financial assets. The Company measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Notes to the financial statements (continued)

(forming part of the financial statements)
Stated in United States dollars

3. Significant accounting policies (continued)

(iv) Impairment (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

All remaining receivables do not have a credit risk due date. Based on credit evaluation performed at year-end, management is of the view that no impairment is required on the balances outstanding at the year-end.

4. Risk management

The Company is exposed to various financial, operational, legal, regulatory and market risks. These include the key risk factors summarised below. The Board manages these risks through a key risk and controls framework to ensure risks are identified and managed in accordance with its risk appetite and mitigated where possible.

The key risks that the Company is exposed to are as follows:

- Financial risk
- Operational risk
- Legal and regulatory risk
- Market Risk

(a) Financial risk

The Company is exposed to financial risk through its financial assets and financial liabilities. The components of financial risk are liquidity and cash flow, credit, and financial market. The extent of the exposure to each of these components varies depending on the specific financial instrument.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management framework. The focus of financial risk management for the Company is ensuring that the proceeds from its financial assets are sufficient to fund obligations arising from operational contractual arrangements.

Liquidity and Cash flow Risk
Liquidity and cash flow risk is the risk that cash may not be available to pay obligations when they fall due. The Company has put in place appropriate financial and cash flow management structures so that it is able to anticipate demand for cash and meet obligations as they arise.

Notes to the financial statements (continued)

(forming part of the financial statements)
Stated in United States dollars

4. Risk management (continued)

Credit Risk
The Company is exposed to credit risk on carried cash and cash equivalent balances. Such credit risk is minimised through the Company's policy of only dealing with banking institutions of an appropriate financial standing and through the carrying of deposit facilities with daily liquidity. At 31 December 2019 the Company carried cash and cash equivalent balances of USD 252,825 with an 'A' rated international banking institution.

Financial market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's trading activity. The Company does not engage in any hedging or forward contract activities however the Directors believe the risk of foreign exchange rate fluctuations to be minimal within one financial year of the balance sheet date. Exchange rate movements are monitored on a monthly basis and any indication that this risk will increase or give rise to a significant exposure is discussed by management and any appropriate actions taken.

(b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations and are faced by all business entities. The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and is overseen by the Board of Directors. Compliance with the Company's standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management, with summaries submitted to the Audit and Risk Committee and senior management of the Company.

(c) Legal and regulatory risk

The Company, through its subsidiary undertakings, is exposed to potential claims and litigation arising out of the ordinary course of business relating to alleged errors and omissions, or non-compliance with laws and regulations.

(d) Market risk

The Company through its subsidiary undertakings is exposed to the health data analytics and consultancy markets. The key risks affecting the Company are:

- The uncertain economic climate creating additional pressures on the international private medical market,
- Dependency on third party agents,
- Diverse geographical markets.

Notes to the financial statements (continued)

(forming part of the financial statements)
Stated in United States dollars

5. Profit/Loss before taxation

Auditor's remuneration in respect of these financial statements was borne by another Group company.

Remuneration in respect of services provided	**2019**	**2018**
Fees in respect of the audit of the Company	23,000	21,420

6. Directors' emoluments

	2019	**2018**
Salaries	-	123,365
Pension Contributions	-	3,373
Other Benefits	-	437
Total directors' emoluments	-	127,175

None of the directors are directly remunerated by the Company and are remunerated by another group company. Those directors are remunerated USD2,563,649, including pension costs and other taxable benefits for their services to the whole Aetna International Group through Aetna Global Benefits (UK) Limited and Aetna Global Benefits (Middle East) LLC, related entities.

7. Taxation

	2019	**2018**
Current tax credit		
Current year	-	-
Total tax expense	-	-
Reconciliation of effective tax rate		
Profit/(Loss) before tax	(2,200,000)	(9,812,423)
Tax at the effective rate of UK corporation tax of 19.00% (2018: 19.00%)	(418,000)	(1,864,360)
Tax effect of:		
Non-deductible expenses	418,000	1,856,720
Current-year losses for which no deferred tax asset is recognised	-	7,640
	-	-

Due to uncertainty with regards to future profitability, deferred tax has not been recognised on carried forward trading losses. At 31 December 2019, there was an unrecognised deferred tax asset of USD 5,711 (2018: USD 12,547).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

In November 2019, the UK Government announced its intention to introduce legislation to reverse the planned rate reduction and to maintain the current rate of 19%. This announcement does not constitute substantive enactment, and therefore temporary differences at the balance sheet date continue to be measured at the enacted rate of 17%.

Notes to the financial statements (continued)

(forming part of the financial statements)
Stated in United States dollars

8. Investment in subsidiaries

	Health Care Management Company Ltd	Aetna Health Insurance (Thailand) Public Company Ltd	Aetna Holdings (Thailand) Ltd	Minor Health Enterprise Company Ltd	Aetna Korea Ltd	Aetna Insurance Hong Kong Ltd	Virtual Home Health Care LLC
Country of incorporation	Thailand	Thailand	Thailand	Thailand	Korea	Hong Kong	UAE
Direct ownership interest	49%	25%	49%	25%	100%	100%	49%
Balance at 1 January 2018	nil	72,258,524	nil	nil	775,000	30,532,924	1,425,811
Additions	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	(8,346,520)	(1,425,811)
Balance at 31 December 2018	nil	72,258,524	nil	nil	775,000	22,186,520	nil
Additions	-	-	-	-	-	-	2,200,000
Impairments	-	-	-	-	-	-	(2,200,000)
Balance at 31 December 2019	nil	72,258,524	nil	nil	775,000	22,186,520	nil

Aetna Korea Limited is a subsidiary acquired in 2016 and acts as a consultancy company. As explained in the Strategic Report, at the end of 2019, the company's main client contract expired and its board is reviewing its future with a view to an orderly wind-up. The closing value of the company has yet to be determined although the net asset value is higher than the carrying value. The Board has therefore decided to leave its valuation unchanged until the wind-up is complete.
Health Care Management Company Limited, Aetna Health Insurance (Thailand) Public Company Limited, Minor Health Enterprise Company Limited and Aetna Holdings (Thailand) Limited were acquired in 2017. The carrying value is based on its value in use, with an 11.2% discount rate for the present value of future cashflows.
Aetna Insurance Hong Kong Limited is a subsidiary acquired in 2018 and acts as an insurance underwriter. Its net asset value is in line with its carrying value.
Virtual Home Health Care LLC is an investment established in 2018 and provides a variety of healthcare services for patients at home and in healthcare facilities. Recognising its reporting loss in 2019 and its forecast loss for 2020, the value of this investment was fully impaired during the year.

9. Trade and other payables

	2019	2018
Amounts owed to group undertakings	-	925,811
	-	925,811

Notes to the financial statements (continued)
(forming part of the financial statements)
Stated in United States dollars

10. Share capital

	No of USD 1 shares issued	USD Share capital	USD Issue consideration
Balance at 31 December 2018	117,183,588	117,183,588	117,183,588
Issued during the year	3,125,811	3,125,811	3,125,811
Balance at 31 December 2019	120,309,399	120,309,399	120,309,399

In June 2019, the Company issued 2,125,811 shares to its shareholder at par and in December a further 1,000,000 shares were issued to its shareholder at par. These share issues took the total number of issued shares to 120,309,399.

11. Related parties

At 31 December 2019, there was no outstanding balance to related parties (2018: USD 925,811 due to Aetna Global Benefits ME Limited).

12. Parent and ultimate controlling party

At the date on which the accounts were approved by the directors, the immediate parent company is Aetna International Inc. The largest group in which the results of the Company are consolidated is that headed by CVS Health Corporation, which is incorporated in the United States of America. The consolidated financial statements of CVS Health Corporation are available to the public and may be obtained from One, CVS Drive, Woonsocket, RI 02895, United States of America.

13. Post balance sheet events

As mentioned in the Strategic Report on page 1, the Company continues to actively monitor the impact of the COVID-19 virus. All staff supporting the Company are successfully following a work at home policy, with no material interruption to the Company's operations. The Company has increased governance protocols to ensure that all decisions are taken in line with continued management oversight and effective internal controls. The current year performance and forecast results of the subsidiaries indicates impairment of the cost of investments only where identified and the Company has support from Aetna International Inc. (and its ultimate parent, CVS Health) and there are no concerns about the financial resources to support continued operations. The Company has judged the COVID-19 pandemic as a non-adjusting post balance sheet event.