

Registration number: 01488490

PPP Taking Care Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021



PPP Taking Care Limited

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PPP Taking Care Limited

Company Information

Directors	T. N. Garrad
	M. A. Vardy
	S. J. Gates
	M. Dalby
Company secretary	K.A. Beggs
Registered office	20 Gracechurch Street London EC3V 0BG
Auditors	Mazars LLP Chartered Accountants and Statutory Auditor 30 Old Bailey London EC4M 7AU

PPP Taking Care Limited

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for PPP Taking Care Limited ("the Company") for the year ended 31 December 2021.

Principal activity

The principal activity of the Company is the marketing, installation, monitoring and maintenance of telecare systems for the elderly and other vulnerable adults. The customers are individuals diagnosed with a physical disability or chronic condition, who use the alarm service for peace of mind and the continued freedom to live in their own homes.

The Company is an accredited member of the Telecare Services Association ("TSA") which sets the TSA Telecare Code of Practice, ensuring that members are quality accredited to operate at a high standard and consistently adhere to best practice. The Company is inspected annually by TSA and met compliance at the latest inspection.

The Company holds ISO 9001 accreditation, which is a quality management certification for organisations who want to prove their ability to consistently provide products and services that meet the needs of their customers and other relevant stakeholders.

Review of the business

Turnover has increased to £13,356k for the financial year ended 31 December 2021 (2020: £11,066k), with an increase in the total cost of sales and administration expenses to £12,457k (2020: £11,687k), resulting in a profit before tax of £1,067k (2020: loss of £468k). During 2021 there has been large growth in the business to customer segment, with new contracts written and a record sales performance for the year, along with an increase in retentions.

The Company continues to invest in the resilience of the business and the customer proposition to support the ongoing service delivery. A new device has been launched, Taking Care Anywhere, facilitating the switch to digital services.

Business environment

With the aged population continuing to increase, the need for telecare systems is growing.

Strategy

The Company continuously strives to improve the quality and efficiency of service to customers, by ensuring that processes are customer centric to meet the needs of customers.

The company's key financial and other performance indicators during the year were as follows:

		2021	2020
Profit/(loss) on ordinary activities before taxation	£ 000	1,067	(468)
Turnover	£ 000	13,356	11,066
Number of monitored customers		96,155	74,883

PPP Taking Care Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Principal risks and uncertainties

The AXA UK Group has an established process for risk acceptance and risk management, which is addressed through a framework of policies, procedures and internal controls. All policies are subject to ongoing review by management, risk management and group internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company and the compliance and finance teams take on an important oversight role in this regard. Line management is responsible for maintaining an internal control framework to manage financial and operational risks, which is monitored regularly to ensure the completeness, accuracy and integrity of the Company's financial information.

The principal risk facing the Company is any threat to the maintenance and prompt responsiveness of the personal alarm service. To mitigate this, monitoring of the end to end process for services, including IT support and infrastructure is maintained, to ensure that customers do not experience any degradation or disruption in services.

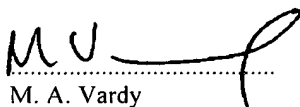
Financial risk management is discussed in the Financial risk review in note 27.

Future developments

The Company continuously strives to improve the quality and efficiency of service to customers and maintains its TSA and ISO 9001 compliance. The Company has started to deliver a more digitalised proposition to enhance the customer journey, increase efficiency and expand the service to customers. The directors believe that the Company is well placed in terms of strategic and market position to continue generating growth in both Business to Business and Business to Consumer channels.

The impact of the COVID-19 pandemic and inflationary pressures have been monitored throughout the year with plans implemented to manage the effects of the outbreak and assess disruptions and other risks to its operations. In particular the Company's management information flows, risk management processes and internal controls systems are being closely monitored and alternative mitigating controls are being introduced as appropriate. The directors are continuing to monitor potential adverse affects of the spread of COVID-19 and rising inflation on the Company's business activities and the wider eldercare market. The impact to date has not been significant,

Approved by the Board on 7 June 2022 and signed on its behalf on 17 June 2022 pursuant to delegated authority by:


M. A. Vardy
Director

PPP Taking Care Limited

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the audited financial statements for the year ended 31 December 2021.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The ability to cope with unexpected risks to the financial position is shown within the Financial risk review in note 27.

The Company has detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the Company for the next 12 months and a strategic plan to 2023, approved by the board. In recognition of the uncertainty arising through the COVID-19 pandemic and rising inflation, plans and forecasts have been re-modelled using sensitivity analysis to assess a range of possible outcomes. The directors therefore believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook arising from the COVID-19 pandemic, its impacts so far, and inflationary pressures. The directors have a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future.

In order to support the current position of the Company and ensure its continued operation, the directors have obtained assurances on the continued financial support of the Company from AXA UK plc in the form of a letter of support. The financial statements have been prepared on the going concern basis as AXA UK plc will ensure all the Company's obligations are met as they fall due.

Directors of the Company

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

T. N. Garrad

M. A. Vardy

S. J. Gates

M. Dalby

Directors' qualifying third party and pension scheme indemnity provisions

The Company is party to a group wide indemnity policy which benefits all of its current directors and is a qualifying third party indemnity provision for the purpose of the Companies Act 2006.

The indemnification was in force during the year and at the date of approval of the financial statements.

Branches outside the United Kingdom

The Company does not operate branches outside the UK.

Political donations

The Company made no donations for political purposes.

PPP Taking Care Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Non-adjusting event after the reporting period

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe, the United Kingdom and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank.

The directors are closely monitoring the situation and the direct and indirect impact on the Company. The Company has well established and robust policies and procedures to ensure adherence to all regulatory requirements. Although the situation is evolving, the Directors are confident that any direct exposure is negligible, and the operational impact is not material.

The macro-economic environment is similarly being closely monitored, and in particular the impact on financial markets, inflation and interest rates. The Company forms part of the AXA UK Group which has an established risk management framework which details how each financial risk profile is identified, measured, monitored and controlled.

Statement of disclosure of information to auditor

Each director has taken 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 auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). 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:

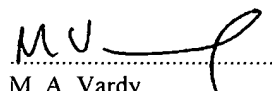
- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial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

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

PPP Taking Care Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Approved by the Board on 7 June 2022 and signed on its behalf on 17 June 2022 pursuant to delegated authority by:



M. A. Vardy
Director

PPP Taking Care Limited

Independent Auditor's Report to the Members of PPP Taking Care Limited

Opinion

We have audited the financial statements of PPP Taking Care Limited (the "Company") for the year ended 31 December 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the 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; 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. 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.

Conclusions relating to going concern

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.

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.

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

Other information

The other information comprises the information included in the Annual Report and Financial Statement, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

PPP Taking Care Limited

Independent Auditor's Report to the Members of PPP Taking Care Limited (continued)

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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 and the 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 company 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 5, 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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. Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements; non-compliance with laws and regulations related to employment law, the UK GDPR and Data Protection Act, the Health and Safety Act, the Bribery Act and the Proceeds of Crime and Anti-Money Laundering Act and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

PPP Taking Care Limited

Independent Auditor's Report to the Members of PPP Taking Care Limited (continued)

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such, UK Tax Legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.


Leanne Finch (Jun 17, 2022 17:40 GMT+1)

Leanne Finch (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

17 June 2022

PPP Taking Care Limited

Profit and Loss Account for the Year Ended 31 December 2021

		(As restated)	
	Note	2021 £ 000	2020 £ 000
Turnover	4	13,356	11,066
Cost of sales		<u>(844)</u>	<u>(1,183)</u>
Gross profit		12,512	9,883
Administrative expenses		(11,613)	(10,504)
Other operating income		<u>193</u>	<u>193</u>
Operating profit/(loss)	5	<u>1,092</u>	<u>(428)</u>
Other interest receivable and similar income	9	-	2
Interest payable and similar charges	10	<u>(25)</u>	<u>(42)</u>
		<u>(25)</u>	<u>(40)</u>
Profit/(loss) before tax		1,067	(468)
Tax on profit/(loss) on ordinary activities	11	<u>(159)</u>	<u>69</u>
Profit/(loss) for the year		<u><u>908</u></u>	<u><u>(399)</u></u>

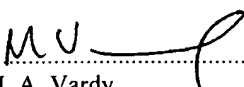
The transactions above derive from continuing activities.

The Company had no recognised gains or losses during the financial year ended 31 December 2021 other than those recognised in the Profit and Loss Account (2020: £nil). Therefore, the Company has elected not to present a Statement of Comprehensive Income for the year ended 31 December 2021.

PPP Taking Care Limited
(Registration number: 01488490)
Balance Sheet as at 31 December 2021

			(As restated)
	Note	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	12	134	134
Tangible assets	13	6,626	4,525
Other financial assets	14	819	819
		<u>7,579</u>	<u>5,478</u>
Current assets			
Stocks	15	106	256
Debtors	16	2,414	2,083
Cash at bank and in hand	17	1,124	819
		<u>3,644</u>	<u>3,158</u>
Creditors: Amounts falling due within one year	18	<u>(8,072)</u>	<u>(8,677)</u>
Net current liabilities		<u>(4,428)</u>	<u>(5,519)</u>
Total assets less current liabilities		3,151	(41)
Creditors: Amounts falling due after more than one year	19	(110)	(159)
Provisions for liabilities	21	<u>(102)</u>	<u>(102)</u>
Net assets/(liabilities)		<u>2,939</u>	<u>(302)</u>
Capital and reserves			
Called up share capital	22	151	151
Capital contribution reserve	23	2,333	-
Profit and loss account	24	455	(453)
Shareholder's funds/(deficit)		<u>2,939</u>	<u>(302)</u>

Approved by the Board on 7 June 2022 and signed on its behalf on 17 June 2022 pursuant to delegated authority by:



 M. A. Vardy
 Director

PPP Taking Care Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Capital Contribution Reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	151	-	(453)	(302)
Profit for the year	-	-	908	908
Total comprehensive income	-	-	908	908
Capital contribution	-	2,333	-	2,333
At 31 December 2021	<u>151</u>	<u>2,333</u>	<u>455</u>	<u>2,939</u>
	Share capital £ 000	Capital Contribution Reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2020	151	-	(54)	97
Loss for the year (restated)	-	-	(399)	(399)
Total comprehensive income	-	-	(399)	(399)
At 31 December 2020	<u>151</u>	<u>-</u>	<u>(453)</u>	<u>(302)</u>

The notes on pages 13 to 32 form an integral part of these financial statements.
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PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The principal activity of the Company is the provision of telecare systems to individuals with increased medical risk, who wish to continue residing in their own homes.

The Company is a private limited company limited by shares under the Companies Act 2006. The address of its registered office is:

20 Gracechurch Street
London
EC3V 0BG
UK

These financial statements were authorised for issue by the Board on 7 June 2022.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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.

Basis of preparation

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on a going concern basis under the historical cost convention, and in accordance with the Companies Act 2006.

The Company has detailed budgets, plans and forecasts have been prepared and reviewed setting out the continued financial position of the Company for the next 12 months and a strategic plan to 2023, approved by the board. The directors consider that the financial impact of the COVID-19 virus on the UK economy and the Company continue to create a challenging trading environment with a considerable level of uncertainty. In considering the potential impact on the Company, the directors have prepared various financial projections which incorporate the impact on trading, unemployment levels, financial markets and GDP, covering short, medium and longer-term time scales.

The directors believe that the Company is well placed to manage its business risks despite the current uncertain economic outlook, and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In order to support the current position of the Company and ensure its continued operation, the directors have obtained assurances on the continued financial support of the Company from AXA UK plc in the form of a letter of support. Although the Company has net current liabilities, the financial statements have been prepared on the going concern basis as AXA UK plc will ensure all the Company's obligations are met as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual financial report.

A prior year adjustment has been made relating to the non-recognition of the deferred revenue element of sales invoices in the appropriate accounting period. Details of the prior year adjustments are shown in note 24. 2020 turnover has been reduced by £285k and the tax credit in 2020 has been increased by 54k. The impact on the balance sheet has resulted in an increase in deferred income in 2020 by £285k and in 2021 by £408k.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Departures from Companies Act requirements

The Company holds goodwill at cost less any impairment losses, whilst this represents a departure from the treatment prescribed by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to hold goodwill at cost less accumulated amortisation, the directors believe that this accounting policy choice provides a true and fair view. The ability to apply a true and fair override when selecting an accounting policy, is set out in FRS 101, with specific instances, such as goodwill, referenced within Appendix II. The effect of non-amortisation is an increase in profit for the year by £10k, with the cumulative effect on net assets being an increase of £20k.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- (a) The requirements of IFRS 7 'Financial Instruments: Disclosures'.
- (b) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1; and
 - (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment'.
- (c) The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134 to 136 of IAS 1 'Presentation of Financial Statements'.
- (d) The requirements of IAS 7 'Statement of Cash Flows'.
- (e) The requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.
- (f) The requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'.
- (g) The requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into 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.
- (h) The requirements of paragraph 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 'Impairment of Assets', provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- (i) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 'Leases'. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of the details of indebtedness required by paragraph 61(1) of schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.
- (j) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2021 have had a material effect on the financial statements.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2. Accounting policies (continued)

Revenue recognition

Recognition

The Company earns revenue from the provision of services relating to marketing, installation, monitoring and maintenance of telecare systems for the elderly. This revenue is recognised in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

Performance obligations

The main performance obligations in contracts consist of the provision of a range of services to the eldercare market. For all contracts the stage of completion and delivery of performance obligations are measured at the balance sheet date on a time elapsed basis in accordance with each service contract. For certain elements of the contracts the performance obligation is recognised at a point in time, following the installation and supply of goods.

Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, less their anticipated residual value.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Land and buildings consists of property partially occupied by the Company and partially leased to the previous parent entity under an operating lease.

Depreciation

Depreciation is charged so as to write off the cost of assets less residual value, other than land and properties under construction over their estimated useful lives, as follows:

Asset class

Buildings
Leasehold improvements
Monitoring equipment
Other equipment

Depreciation method and rate

Straight line over 20 years
Straight line over 10 years
Straight line over 5 years
Straight line up to a maximum of 10 years

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Leases

Lessee accounting

The Company made an assessment of whether a contract is or contains a lease at inception of the contract. Where there is a lease, the Company recognises a right of use asset and a lease liability at the commencement of the lease.

The right of use asset is initially measured at cost, which comprises the initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located and the cost of obligation to refurbish the asset, less any incentives received. The right of use asset is subsequently depreciated over the lease term. The right of use asset is subject to testing for impairment if there is an indicator for impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in lease term, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company presents right of use assets within tangible assets and leased liabilities in creditors on the Balance Sheet.

Non-lease components, including service charges, rates and utilities, have been separated from the lease payments and reported as expenses when incurred.

Lessor accounting

The Company enters into lease agreements as lessor with respect to some of its land and buildings. All of these leases are classified as operating leases as a significant proportion of the risks and rewards of ownership of the asset concerned are retained by the lessor. Payments made under operating leases, less any incentives received from the lessor, are charged to the Profit and Loss Account on a straight-line basis over the lease term.

Stock

Stock is stated at the lower of cost or net realisable value, after provision for obsolete items. Cost represents the purchase price.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Current Tax

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination than, at the time of the transaction, affect neither accounting not taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Pension scheme

The Company is part of the AXA UK Group defined contribution pension scheme which is available to all employees. Under a defined contribution scheme, the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Employees also contribute to the defined contribution scheme.

A number of employees are part of a defined benefit scheme with a previous employer. The Company makes contributions into the scheme and the exposure of any pension deficit is capped at £819k. This amount is held within an escrow account, which has been included within other financial assets.

The contributions for both schemes are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Business combinations

Business combinations are accounted for using the acquisition method. The Company identifies the acquisition date where it obtains control of the acquiree, as the date of the signed agreement. At the acquisition date the Company recognises any identifiable assets acquired and liabilities assumed. The difference between the consideration transferred and these identifiable assets and liabilities is recognised as goodwill.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Intangible assets

Intangible assets represents the acquisition of business contracts and customer relationships. These intangible assets are considered to have an indefinite useful life as they are expected to generate cash inflows for an indefinite period of time. A review of the useful life for these assets is performed on an annual basis.

Intangible assets with an indefinite useful life are initially recognised at cost and are subsequently measured at cost less accumulated impairment losses. Intangible assets are reviewed for impairment on an annual basis. The recoverable amount is calculated and compared to the carrying value. The recoverable amount is the greater of the value in use and the fair value less costs of disposal.

If the recoverable amount is less than the carrying value, impairment is recognised immediately as an expense and is not subsequently reversed.

Goodwill

Goodwill represents the excess of the consideration transferred over the proportionate interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill is initially recognised at cost and is subsequently measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment on an annual basis. The recoverable amount is calculated and compared to the carrying value. The recoverable amount is the greater of the value in use and the fair value less costs of disposal.

If the recoverable amount is less than the carrying value, impairment is recognised immediately as an expense and is not subsequently reversed.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the balance sheet, although excluding tangible assets, deferred tax assets, prepayments and deferred tax liabilities.

The Company recognises financial assets and financial liabilities in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement

Financial instruments are classified at inception into the category amortised cost.

The classification and the basis for measurement are subject to the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

Financial liabilities at amortised cost

All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Derecognition

Financial assets

The Company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 101 requires management to monitor and exercise judgement in the selection and application of appropriate accounting policies and in the use of accounting estimates.

Deferred taxation

The carrying value at the reporting date of the net deferred tax asset is £183k (2020: £212k), further details of which are disclosed in the accounting policy and note 11. Significant management judgement is applied to determine the deferred tax asset that can be recognised and is based on the probability of future taxable profits.

Leases

The carrying value at the reporting date of the lease liability is £143k (2020: £357k), further details of which are disclosed in the accounting policy 'Leases' and notes 18 and 19. An estimation has been used in determining the incremental borrowing rate from which to discount the liability to its present value.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty (continued)

Provisions

The carrying value at the reporting date of the liability for provisions is £102k (2020: £102k). The judgements, estimates and assumptions employed in the assessment of the adequacy of these provisions are set out in the accounting policy and note 21.

Property valuations

The carrying value of property is sensitive to the estimation of fair value undertaken by external valuers, taking into consideration the impact macro-economic factors that could lead to fluctuations in the property market, where a decrease in fair value could lead to an impairment should the estimated value fall below that of the carrying value. A valuation is undertaken annually by external experts, reference to the valuers is disclosed in note 13.

4 Turnover

The total turnover of the Company for the period has been derived from its principal activity wholly undertaken in the UK.

5 Operating loss

Operating loss is stated after charging:

	2021 £ 000	2020 £ 000
Depreciation expense	947	662
Depreciation relating to lease items	318	401
Impairment loss of trade debtors	30	2
Cost of stock recognised as an expense	61	428
Impairment of Land and Buildings	-	25

Previous impairments of land and buildings totalling £134k have been reversed in the year.

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	6,034	5,493
Social security costs	461	416
Pension costs, defined contribution scheme	335	375
	<u>6,830</u>	<u>6,284</u>

The average number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

6 Staff costs (continued)

	2021 No.	2020 No.
Production/Sales	25	25
Administration and support	164	143
	<u>189</u>	<u>168</u>

7 Directors' remuneration

The directors are employed and paid by companies in the AXA Group and their directorships are held as part of that employment. The emoluments of certain directors disclosed below are in respect of qualifying services to the AXA Group as a whole

	2021 £ 000	2020 £ 000
Remuneration	287	278
Contributions paid to defined benefit pension scheme	1	-
	<u>288</u>	<u>278</u>

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	<u>287</u>	<u>278</u>

Mrs. T. N. Garrad was also a director of AXA UK plc during the year and her emoluments, which relate to her services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mr. M. Dalby was also a director of Health-On-Line Company UK Limited during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

Mr. M. A. Vardy was also a director of AXA PPP Healthcare Group Limited during the year and his emoluments, which relate to his services to the AXA Group as a whole, are disclosed in the financial statements of that company.

8 Auditor's remuneration

During the year the Company obtained the following services from the Company's auditor at costs detailed below:

	2021 £ 000	2020 £ 000
Audit of the financial statements	<u>32</u>	<u>31</u>

The fees for the year ended 31 December 2021 are paid by a fellow group undertaking and are not recharged to the Company.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

9 Other interest receivable and similar income

	2021 £ 000	2020 £ 000
Interest income on bank deposits	-	2

10 Interest payable and similar charges

	2021 £ 000	2020 £ 000
Interest on obligations under finance leases and hire purchase contracts	10	26
Interest paid to group undertakings	8	12
Interest expense on leases - Property	7	4
	<u>25</u>	<u>42</u>

11 Income tax

Tax charged/(credited) in the profit and loss account

(As restated)

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	177	(18)
UK corporation tax adjustment to prior periods	(47)	2
	<u>130</u>	<u>(16)</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	29	(53)
Tax charge/(credit) in the profit and loss account	<u>159</u>	<u>(69)</u>

Corporation tax is calculated at 19% (2020: 19%) of the estimated taxable profit for the period.

The charge/(credit) for the period can be reconciled to the profit in the income statement as follows:

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Income tax (continued)

	(As restated)	
	2021 £ 000	2020 £ 000
Profit/(loss) before tax	<u>1,067</u>	<u>(468)</u>
Corporation tax at standard rate	203	(88)
Decrease in tax from adjustment for prior periods	(7)	-
Increase from effect of expenses not deductible in determining taxable profit/(tax loss)	-	37
Deferred tax expense relating to changes in tax rates or laws	<u>(37)</u>	<u>(18)</u>
Total tax charge/(credit)	<u>159</u>	<u>(69)</u>

The tax rate for the current year remains at 19%.

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Deferred tax

Deferred tax assets and liabilities

2021	Asset £ 000
Fixed asset temporary differences	183
Timing differences	<u>-</u>
	<u>183</u>
2020	Asset £ 000
Fixed asset temporary differences	204
Timing differences	<u>8</u>
	<u>212</u>

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Fixed asset temporary differences	204	(21)	183
Timing differences	8	(8)	-
Net tax assets	<u>212</u>	<u>(29)</u>	<u>183</u>

Deferred tax movement during the prior year:

	At 1 January 2020 £ 000	Recognised in income £ 000	At 31 December 2020 £ 000
Fixed asset temporary differences	152	52	204
Timing differences	7	1	8
Net tax assets	<u>159</u>	<u>53</u>	<u>212</u>

12 Intangible assets

	Goodwill £ 000	Contractual customer relationships £ 000	Total £ 000
Cost or valuation			
At 1 January 2021	<u>109</u>	<u>25</u>	<u>134</u>
At 31 December 2021	<u>109</u>	<u>25</u>	<u>134</u>
Carrying amount			
At 31 December 2021	<u>109</u>	<u>25</u>	<u>134</u>
At 31 December 2020	<u>109</u>	<u>25</u>	<u>134</u>

Goodwill was acquired as part of the acquisition of the Careline Services business in 2019 carried on by The District Council of Chichester.

Impairment testing of the valuations of these assets indicated that the carrying values are expected to be fully recoverable and hence no impairment is considered necessary.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Tangible assets

	Land and buildings £ 000	Other property, plant and equipment £ 000	Monitoring equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2021	1,215	1,027	5,121	7,363
Additions	-	9	3,223	3,232
Disposals	-	-	(919)	(919)
At 31 December 2021	<u>1,215</u>	<u>1,036</u>	<u>7,425</u>	<u>9,676</u>
Depreciation				
At 1 January 2021	325	86	2,427	2,838
Charge for the year	70	103	1,092	1,265
Eliminated on disposal	-	-	(919)	(919)
Impairment release	(134)	-	-	(134)
At 31 December 2021	<u>261</u>	<u>189</u>	<u>2,600</u>	<u>3,050</u>
Carrying amount				
At 31 December 2021	<u>954</u>	<u>847</u>	<u>4,825</u>	<u>6,626</u>
At 31 December 2020	<u>890</u>	<u>941</u>	<u>2,694</u>	<u>4,525</u>

The freehold land and buildings were valued at £965k as at 31 December 2021 (2020: £730k) on a fair value basis by Lambert Smith Hampton in 2021 and Cushman & Wakefield Limited in 2020, who are independent chartered surveyors and provide valuation services across all AXA UK's properties.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Tangible assets (continued)

The net book value of right of use assets included within tangible assets is below:

	Land and buildings £ 000	Monitoring equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2021	196	1,397	1,593
Disposals	<u>-</u>	<u>(899)</u>	<u>(899)</u>
At 31 December 2021	<u>196</u>	<u>498</u>	<u>694</u>
Depreciation			
At 1 January 2021	36	1,180	1,216
Charge for the year	20	195	215
Eliminated on disposal	<u>-</u>	<u>(899)</u>	<u>(899)</u>
At 31 December 2021	<u>56</u>	<u>476</u>	<u>532</u>
Carrying amount			
At 31 December 2021	<u>140</u>	<u>22</u>	<u>162</u>
At 31 December 2020	<u>160</u>	<u>216</u>	<u>376</u>

14 Other financial assets

	2021 £ 000	2020 £ 000
Non-current financial assets		
Placements with banks and other institutions	<u>819</u>	<u>819</u>

Other financial assets relate to amounts held within an escrow account in relation to the pension fund of the employees who were transferred from the Careline business carried out by the District Council of Chichester. Once the pension deficit becomes a surplus, this amount will be returned to the Company.

15 Stock

	2021 £ 000	2020 £ 000
Finished goods and goods for resale	<u>106</u>	<u>256</u>

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

16 Debtors

	2021 £ 000	2020 £ 000
Trade debtors	579	339
Debtors from related parties	-	70
Prepayments	996	1,030
Other debtors	655	432
Deferred tax assets	184	212
	<u>2,414</u>	<u>2,083</u>

17 Cash at bank and in hand

	2021 £ 000	2020 £ 000
Cash at bank	<u>1,124</u>	<u>819</u>

18 Creditors: amounts falling due within one year

(As restated)

	2021 £ 000	2020 £ 000
Trade creditors	916	292
Social security and other taxes	130	116
Amounts due to related parties	5,516	6,776
Current lease liabilities	33	198
Other creditors	-	20
Accrued expenses and deferred income	1,477	1,275
	<u>8,072</u>	<u>8,677</u>

Amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

19 Creditors: Amounts falling due after more than one year

	2021 £ 000	2020 £ 000
Long term lease liabilities	<u>110</u>	<u>159</u>

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Leases

Leases included in creditors

	2021 £ 000	2020 £ 000
Current portion of long term lease liabilities	33	198
Long term lease liabilities	<u>110</u>	<u>159</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2021 £ 000	2020 £ 000
Less than one year	36	217
2 years	19	36
3 years	19	19
4 years	19	19
5 years	19	19
6 years	19	19
7 years	19	19
8 years	5	19
9 years	<u>-</u>	<u>5</u>
Total lease liabilities (undiscounted)	<u>155</u>	<u>372</u>

Leases where the Company is a lessor

The rental receivable relates to land and buildings leased to the previous parent entity. The carrying amount of the associated asset is £814k as at 31 December 2021 (2020: £730k) shown within note 13.

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	Minimum lease receipts £ 000
2021	
Within one year	57
In two to five years	<u>217</u>
	<u>274</u>

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

20 Leases (continued)

	Minimum lease payments £ 000
2020	
Within one year	57
In two to five years	226
In over five years	47
	<u>330</u>

21 Other provisions

	Dilapidations £ 000
At 1 January 2021	<u>102</u>
At 31 December 2021	<u>102</u>

The dilapidations provision is in relation to a leasehold property currently occupied by the Company, and a leasehold property that is no longer being occupied by the Company but the final amount payable is still being negotiated.

22 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Allotted, called up and fully paid: of £0.05 each	<u>3,020</u>	<u>151</u>	<u>3,020</u>	<u>151</u>

23 Capital Contribution Reserve

During the year ended 31 December 2021, the parent company, AXA PPP Healthcare Group Limited, issued a one off, non repayable capital contribution of £2.3m to the Company to support the required investment in growth opportunities.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

24 Reserves

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
Restatement of reserves			
Previously stated at 1 January 2020	151	(54)	97
Previously reported profit for the year ended 31 December 2020	-	(168)	(168)
Recognition of deferred revenue (net of tax)	-	(231)	(231)
Restated at 31 December 2020	151	(453)	(302)

25 Pension and other schemes

Staff pension costs

AXA UK Group pension scheme

The Company is part of the AXA UK Group defined contribution pension scheme which is available to all employees. A number of employees are part of a defined benefit scheme with a previous employer. The Company makes contributions into the scheme and the exposure of any pension deficit is capped at £819k. This amount is held within an escrow account, which has been included within cash at bank and in hand.

The pension costs charged in the financial statements represent the contribution payable by the Company into both of the schemes during the year. The pension costs for the year were £335k (2020: £375k).

Outstanding contributions payable as at 31 December 2021 amount to £Nil (2020: £20k).

26 Parent and ultimate parent undertaking

The Company's immediate parent is AXA PPP Healthcare Group Limited.

The ultimate parent is AXA SA.

The most senior parent entity producing publicly available financial statements is AXA SA.

Relationship between entity and parents

The parent of the smallest and largest group in which these financial statements are consolidated is AXA SA, incorporated in France.

The address of AXA SA is:

25, avenue Matignon, 75008 Paris, France.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

27 Financial risk review

This note presents information about the Company's exposure to financial risks.

The Company is exposed to financial risk through its business operations affecting the financial assets and liabilities. The most important components of this risk given the nature of the Company's operations are credit, liquidity and cash flow risks.

The Company forms part of the AXA UK Group which has an established risk management framework on how each risk profile is identified, measured, monitored and controlled through Risk Committees advising the individual business unit Chief Executives.

A dedicated risk management function supports the individual business units by ensuring that a full understanding and control of risks is incorporated into management decision making and procedures.

The risk policies are documented in adherence to the AXA Group Standards issued by AXA Group Risk Management ("GRM"). The AXA UK Board is responsible for governance and the AXA UK Executive Committee for approving all new policies.

The notes that follow address the individual components of financial risk.

Credit risk

The Company's definition of credit risk is the risk of capital or income loss resulting from counterparty default. Items which generate credit risk generally arise as a by-product of the Company's operations and other operational debts. The risk is mitigated by the Company by investing cash surpluses through banks which must fulfil credit rating criteria approved by the board. Receivables balances are monitored on an on-going basis and provision is made for doubtful debts where necessary.

Liquidity and cash flow risk

The Company's definition of liquidity risk is the risk that the Company may not have sufficient available cash (or near cash assets or funding facilities) to pay obligations when they fall due at reasonable cost.

PPP Taking Care Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

28 Non-adjusting events after the financial period

On February 24, 2022, Russia invaded Ukraine, triggering a war and worldwide geopolitical tensions, leading the United States, Europe, the United Kingdom and some other countries to impose unprecedented financial and trade sanctions on the Russian economy, including asset freezes and restrictions on individuals and institutions, notably the Russian Central Bank.

The directors are closely monitoring the situation and the direct and indirect impact on the Company. The Company has well established and robust policies and procedures to ensure adherence to all regulatory requirements. Although the situation is evolving, the Directors are confident that any direct exposure is negligible, and the operational impact is not material.

The macro-economic environment is similarly being closely monitored, and in particular the impact on financial markets, inflation and interest rates. The Company forms part of the AXA UK Group which has an established risk management framework which details how each financial risk profile is identified, measured, monitored and controlled.