

RCN Holdco Limited

Annual Report and Financial Statements 2021





The RCN Holdco Limited
Annual Report and Financial Statements
1 January to 31 December 2021
Registered Company: 09691324

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Directors' report

When preparing the audited financial statements and the directors' report, the directors have taken advantage of the small companies' exemption and have not included a strategic report.

RCN Holdco Limited was formed in 17 July 2015 and entered into a Limited Liability Partnership (LLP) providing personal injury services to members of the Royal College of Nursing (RCN).

NewLaw Legal Limited and RCN Holdco Limited jointly control the entity RCN Law LLP and have equal voting and decision-making rights.

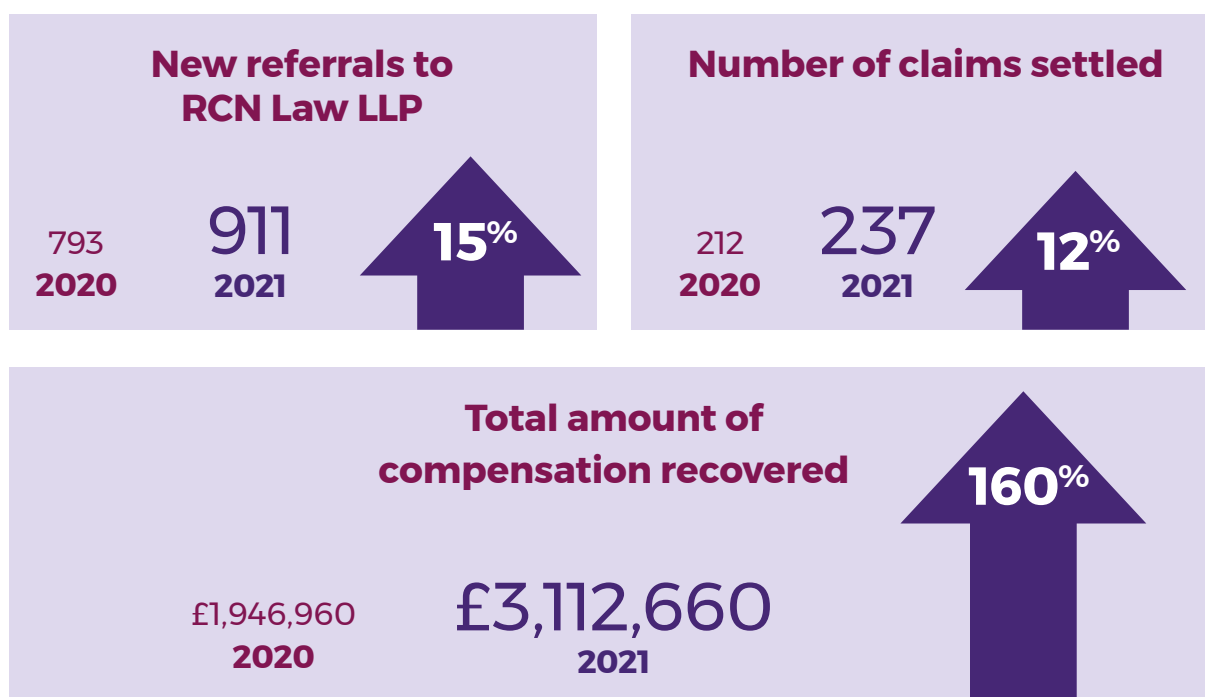
RCN Holdco Limited does not trade directly and its current purpose is the partnership with NewLaw Legal Limited in RCN Law LLP.

The RCN Holdco Limited directors who are also on the board of directors for RCN Law LLP continue to be confident that RCN Law LLP is showing growth in line with the forecast.

The RCN personnel on the RCN Law LLP Board are Joanne Galbraith-Marten, Director of Employment Relations and Legal Services and Andrew Cowan, Business Director.

In 2021, RCN Law LLP dealt with 911 new personal injury referrals compared to 793 in the previous year. Whilst an increase on the previous year's referrals, it was still less than those received in 2020 (1,044). This could be the on-going impact of the COVID-19 pandemic. There were 237 claims settled, which was an increase on the 212 in the previous year, and the total amount of compensation recovered of £3,112,660 was an increase of £1,165,910 on the previous year (£1,946,690).

In 2021 RCN Law started cash distributions to its corporate partners and RCN Holdco received a total of £115,700 in drawings from RCN Law.



RCN Law LLP has extended its services to include an offer of personal injury legal advice for friends and family (who are required to take out an After The Event Insurance Policy). This offer is in its infancy and has so far produced 40 friends and family personal injury referrals.

The range of private client law services on offer to RCN members, staff, family and friends has continued to be a useful resource to RCN members. This service is on a paid-for basis and in 2020 RCN Law LLP completed 1,102 wills for various clients. This was a slight reduction on the previous year's instructions (1,198).



RCN Law LLP continued to experience some operational challenges in 2021. The reasons for these challenges were in the main due to the need for hybrid and full home working (the offices are in Cardiff and Bristol with staff travelling to both from England and Wales, but COVID-19 restrictions have differed across England and Wales). Additionally the labour market for personal injury claims handlers is buoyant and this results in regular changes in personnel. Some cases are still not progressing as they would have done pre-pandemic, due to investigations being stymied (for example due to being unable to obtain relevant supporting medical records) and courts not sitting with the same regularity. The number of complaints has fluctuated over the year, but the average number of complaints over the year is within accepted norms.

Notwithstanding the ongoing impact of the COVID-19 pandemic, the alternative business structure (ABS) has been more robust than some of its counterparts and has reacted well to changes in ways of working and continued to engage well with members. The RCN Group is committed to ensuring that we continue to represent and support nursing during this time, most practically and effectively.

Financial review

Under the partnership agreement, RCN Holdco Limited's share of RCN Law LLP profit/loss is 65%, with a further 35% share going to NewLaw Legal Limited.

During the year ended 31 December 2021, RCN Law LLP made a profit before tax of £803,154 (31 December 2020: £437,888). RCN Holdco Limited's share of the 2021 profit before tax is £522,050 (31 December 2020: £284,627).

During the year RCN Law LLP made its first distribution of profits to the investing partners. RCN Holdco received £115,700. See note 3.

RCN Law LLP has increased its profits compared to the previous year in spite of continuing issues for many sections of the UK economy due to the continuation of the COVID-19 pandemic. RCN Law LLP operates in the health care sector and the underlying business is focused on providing legal support to claims for personal injuries and probate services to RCN members.

The membership has continued to grow over the reporting period, and the RCN Law LLP business is anticipated to continue to operate without any significant risk.

Therefore, the directors consider that there are no material uncertainties about RCN Holdco Limited's ability to continue as a going concern.

Reference and administrative details

Directors

Andrew Cowan
Joanne Galbraith-Marten

RCN Group bankers

National Westminster Bank PLC
250 Regent Street, London W1B 3BN

Shareholders (on behalf of RCN UK)

Yajna Sooklall from 20 September 2021
Vacant
Dame Donna Kinnair until 1 July 2021
Timothy Golbourn until 12 February 2021

RCN Holdco Limited does not yet hold a bank account

Independent auditor

Crowe UK LLP
Statutory Auditor
55 Ludgate Hill, London EC4M 7JW

RCN Group Secretary

Jason Gregory

RCN Group Lawyers

Bates Wells LLP
10 Queen Street Place, London EC4R 1BE

Registered office

20 Cavendish Square, London W1G 0RN
Telephone 020 7409 3333
rcn.org.uk

Registered number

09691324

Directors' responsibilities statement

The directors are responsible 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgments and accounting estimates that are reasonable and prudent
- 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.

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

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Crowe UK LLP were appointed as auditor to the Company in accordance with section 485 of the Companies Act 2006.

The Directors' Report was approved by the board and signed on its behalf by:



Andrew Cowan
Director
Date: 28 April 2022

Independent auditor's report to the members of RCN Holdco Limited

Opinion

We have audited the financial statements of RCN Holdco Limited for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 Financial Reporting Council's (FRC) 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 director's 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 12 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 directors are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements
- the 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 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 by the company, 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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.

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with HMRC and reading minutes of meetings of those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [frc.org.uk/auditorsresponsibilities](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.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London, United Kingdom

Date: 12 May 2022

Financial statements



Statement of comprehensive income for the year ended 31 December 2021

	Notes	31 December 2021 £	31 December 2020 £
Income			
Share of profit in RCN Law LLP		522,050	284,627
Total income		522,050	284,627
Expenditure			
Total expenditure		-	-
Profit before taxation		522,050	284,627
Tax (charge)/credit on profit	7	(99,190)	25,214
Total comprehensive income for the year		422,860	309,841

Notes on pages 14-18 form part of these financial statements.

Statement of financial position as at 31 December 2021

	Notes	31 December 2021	31 December 2020
		£	Restated £
Fixed assets			
Unpaid share capital	4	2	2
Current assets			
Amount due from parent entity - RCN UK		99,653	-
Investment in RCN Law LLP		1,003,616	597,266
Total current assets		1,103,269	597,266
Liabilities			
Creditors: amounts falling due within one year:			
Taxation	7	(99,190)	(16,047)
Unpaid share in RCN Law LLP	6	(1)	(1)
Total current liabilities		(99,191)	(16,048)
Net current assets		1,004,078	581,218
Total assets less current liabilities		1,004,080	581,220
Capital and reserves			
Nominal share capital	4	2	2
Profit and loss account		1,004,078	581,218
Total shareholders' funds		1,004,080	581,220

The accounts have been prepared in accordance with the provisions of Section 1A of FRS 102. Notes on pages 14-18 form part of these financial statements.

The accounts of RCN Holdco Limited (registered number 09691324) were approved by the board of directors and authorised for issue on 28 April 2022. They were signed on its behalf by:



Andrew Cowan
Director
Date: 28 April 2022

RCN Holdco Limited

Notes to the Financial Statements for the year ended 31 December 2021

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

RCN Holdco Limited is a company incorporated in England under the Companies Act. It is a private company limited by shares. The address of the registered office is 20 Cavendish Square, London W1G 0RN.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102 section 1A small entities) issued by the Financial Reporting Council.

The functional currency of RCN Holdco Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in pounds sterling.

b. Going concern

The RCN Group has made an assessment regarding the impact of the ongoing COVID-19 pandemic on its operations and financial sustainability.

However, the RCN Group operating within the health care sector has had a different experience than many other organisations during the COVID-19 pandemic. RCN Law LLP has increased its profits compared to the previous year.

The underlying business is focused on providing legal support to claim for personal injuries and probate services to RCN members.

The membership has grown over the reporting period and the RCN Law LLP business is anticipated to operate without facing any significant risk.

Therefore, the directors consider that there are no material uncertainties about RCN Holdco Limited's ability to continue as a going concern.

RCN Council supported by management believe the RCN and RCN Group entities remain financially viable and the RCN Holdco Limited 2021 annual report and financial statements can continue to be prepared on a going concern basis.

c. Joint ventures

RCN Holdco Limited has a jointly controlled operation, RCN Law LLP, with NewLaw Legal Limited. RCN Holdco Limited and the other corporate partner, NewLaw Legal Limited, have equal voting and decision-making rights. Under the terms of the partnership agreement no partner has a casting vote.

d. Tax

Current tax is provided at amounts expected to be paid or recovered using tax rates and laws that have been enacted or substantially enacted by the statement of financial position date.

Deferred taxation would normally be recognised in respect of all timing differences that have originated, but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets and liabilities are recognised to the extent that there is sufficient evidence of suitable taxable profits.

e. Provisions

Provisions for future liabilities are recognised when there is a legal or constructive financial obligation that can be reliably estimated and for which there is an expectation that payment will be made.

f. Dividend

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Board. Both corporate members have agreed that RCN Law LLP will not distribute a dividend during the establishment phase of the joint venture. Under the terms of the LLP agreement, profits/losses of the LLP will be distributed between corporate members only, in a 65% (RCN Holdco Limited) 35% (NewLaw Legal Limited) split.

g. Turnover

RCN Holdco Limited does not actively trade. Income received will be in the form of its share of any net profit/loss after tax generated by its jointly controlled entity.

h. Income recognition

Income is recognised and included in the Statement of Comprehensive income when there is a probable future economic benefit that can be reliably measured.

i. Governance and administration

During the establishment phase of the joint venture, governance and administration costs including audit fees have been absorbed by the sole beneficiary RCN UK.

j. Critical accounting judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial performance date and the amounts reported for income and expenditure during the year. However, the nature of the estimates means that actual outcomes could differ from those estimates. There were no critical accounting judgements for the year ended 31 December 2021.

2. Directors' remunerations

The Directors received no remuneration for their role as Director and incurred no expenses in the year ended 31 December 2021.

3. Investment in RCN Law LLP

	31 December 2021 £	31 December 2020 £
Share of accumulated profits in RCN Law LLP	1,119,316	597,266
Cumulative distributions made by RCN Law LLP	(115,700)	–
Total	1,003,616	597,266

4. Called up share capital

Authorised Number	Value	Class	Nominal	31 December 2021
2		Ordinary	£1	£2

The two £1 shares are held in trust, for the benefit of the RCN UK, by Yajna Sooklall and empty awaiting allocation, and have been allotted, issued but not paid.

5. Ultimate controlling party

RCN Holdco Limited has two ordinary £1 shares in issue held on trust for RCN UK by Yajna Sooklall and empty awaiting allocation. Timothy Golbourn was a shareholder until 12 February 2021. Dame Donna Kinnair was a shareholder until 1 July 2021. RCN UK is, through the trust deed, the sole beneficiary of RCN Holdco Limited. RCN Holdco Limited is the smallest member of the RCN Group and is registered at 20 Cavendish Square, London W1G 0RN.

6. Related party transactions

There have been no related party transactions with other group members. RCN Holdco Limited has one ordinary £1 share in its jointly controlled entity RCN Law LLP. There have been no related party transactions between RCN Holdco Limited and RCN Law LLP or with the other partner in the jointly controlled entity, NewLaw legal limited.

7. Taxation

RCN UK is the parent company of RCN Holdco Limited. Group tax relief is used, where possible, to off-set the taxable profit made in the year.

In March 2021 the chancellor announced an increase in the rate of corporation tax rate to 25% from April 2023. The current rate of 19% is expected to remain until then.

The tax assessed for the period is lower than the main rate of corporation tax in the UK. The differences are explained below:

	31 December 2021 £	31 December 2020 £
Profit before tax	522,050	284,627
Group relief claimed	-	(200,171)
Profit chargeable to corporation tax	522,050	84,456
Corporation tax at 19% payable	99,190	16,047

	Liability/(asset) brought forward £	Income prior £	Income current £	(Payments)/ receipts £	Liability/(asset) carried forward £
Current taxes					
Current period: to 31 December 2021	16,047	-	99,190	(16,047)	99,190
Total	16,047	-	99,190	(16,047)	99,190
Deferred taxes					
Timing differences	-	-	-	-	-
Over/(under) provided	-	-	-	-	-
Total	16,047	-	99,190	(16,047)	99,190
Adjustment for prior periods	-	-	-	-	-
Total profit and loss charge	-		99,190	-	-

8. Restatement of comparatives for the year ended 31 December 2020 - Statement of financial position as at 31 December 2020

	31 December 2020 Restated £	31 December 2020 As originally stated £	31 December 2020 Change £
Fixed assets			
Unpaid share capital	2	2	-
Current assets			
Tax credit	-	25,214	(25,214)
Investment in RCN Law LLP	597,266	597,266	-
Total current assets	597,266	622,480	(25,214)
Liabilities			
Creditors: amounts falling due within one year:			
Taxation	(16,047)	-	(16,047)
Unpaid share in RCN Law LLP	(1)	(1)	-
Total current liabilities	(16,048)	(1)	(16,047)
Net current assets	581,218	622,479	(41,261)
Total assets less current liabilities	581,220	622,481	(41,261)
Capital and reserves			
Nominal share capital	2	2	-
Profit and loss account	581,218	622,479	(41,261)
Total shareholders' funds	581,220	622,481	(41,261)

The statement of financial position as at 31 December 2020 has been restated due to an error in recording the corporation tax liability at that date. The accounts showed a tax asset of £25,214 when the correct position was a tax liability of £16,047. The difference of £41,261 was incorrectly credited to reserves.

**Published by the Royal College of Nursing The RCN is
a Royal College set up by Royal Charter and a Special
Register Trade Union established under the Trade Union
and Labour Relations (Consolidation) Act 1992**

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