

RCN Holdco Limited



Annual Report and
Financial Statements 2019



The RCN Holdco Limited Annual Report and Financial Statements

1 January to 31 December 2019

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Registered Company: 09691324

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 September 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 forecast.

There has been a change in RCN personnel on the RCN Law LLP Board with Christopher Cox and Timothy Golbourn being replaced by Joanne Galbraith-Marten and Andrew Cowan.

In 2019, RCN Law LLP dealt with 1,044 new referrals compared to 974 in the previous year. There were 119 claims settled, which was a slight reduction on the 133 in the previous year, although the total amount of compensation recovered of £1,253,880 was an increase of over £100,000 on the previous year (£1,153,037) RCN Law LLP has extended its services to include a range of private client law services to RCN Members, Staff and family and friends. This service is on a paid-for basis and in 2019 RCN Law LLP completed 619 wills for various clients.

The free 30-minute helpline to provide legal assistance generally and legal advice specifically for matters of family law, continues to be a resource that RCN members utilise. In 2019, 737 members sought assistance on a range of matters including neighbour disputes, speeding tickets, consumer law and landlord and tenant matters. The family law helpline, currently provided by

Stephensons solicitors received 396 calls from members requiring advice in relation to divorce, separation and issues concerning children.

RCN Law LLP experienced some operational challenges in 2019 resulting in an increase in the number of complaints raised by RCN members. Those complaints mainly fell into two areas – multiple case handlers and delay in communication; complaints about the quality of the legal advice were very rare. The RCN Law LLP Board met and agreed an action plan to deal with these matters and towards the end of 2019 it was clear that improvements were being made.

Since the beginning of 2020, the COVID-19 pandemic has and continues to impact how we live and work. 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 2019, RCN Law LLP made a profit before tax of £334,096 (31 December 2018: £122,676). RCN Holdco Limited's share of the 2019 profit before tax is £217,163 (31 December 2018: £79,739).

Following the closure of the 2019 financial statements, the COVID-19 pandemic has created a crisis for the UK and the global economy. The RCN Group is not an exception in this instance. 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 is projected to make a further increase in profit in 2020.

The underlying business is focused on providing legal support to claim for personal injuries and probate services to RCN members. Since the membership number has increased and business has been operating, the RCN Law LLP accounts are prepared on a going concern basis. 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

Christopher Cox until March 2019

Timothy Golbourn until March 2019

Andrew Cowan from March 2019

Joanne Galbraith-Marten from March 2019

Registered number

09691324

RCN Group bankers

National Westminster Bank PLC

250 Regent Street, London W1B 3BN

Shareholders (on behalf of RCN UK)

Elizabeth Janet Davies until March 2019

Tom Sandford until March 2019

Dame Donna Kinnair from March 2019

Timothy Golbourn from March 2019

RCN Holdco Limited does not yet hold a bank account

Independent auditor

Deloitte LLP

Statutory Auditor

1 New Street Square, London EC4A 3HQ, United Kingdom

RCN Group Secretary

Jane Clarke

Registered office

20 Cavendish Square, London W1G 0RN

Telephone 020 7409 3333

rcn.org.uk

RCN Group Lawyers

Bates Wells LLP

10 Queen Street Place, London EC4R 1BE

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; 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.

Disclosure of information to auditor

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.



Andrew Cowan
Director

Date: 3 July 2020

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of RCN Holdco Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including section 1A of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the company which comprise:

- the statement of comprehensive income;
- the statement of financial position; and
- the related notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including section 1A of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 ('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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. 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.

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

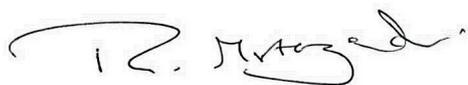
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

- we have not received all the information and explanations we require for our audit; 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

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.



Reza Motazed - FCA
(Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 3 July 2020

Financial statements



Statement of comprehensive income for the year ended 31 December 2019

	Notes	31 December 2019 £	31 December 2018 £
Income			
Share of profit in RCN Law LLP		217,163	79,739
Total income		217,163	79,739
Expenditure			
Total expenditure		-	-
Profit before taxation		217,163	79,739
Tax on profit	6	(41,261)	-
Total comprehensive income for the year		175,902	79,739

Statement of financial position for the year ended 31 December 2019

	31 December 2019 £	31 December 2018 £
Fixed assets		
Unpaid share capital	2	2
Current assets		
Investment in RCN Law LLP	312,639	95,475
Total assets	312,641	95,477
Liabilities		
Creditors: amounts falling due within one year		
Taxation	(41,261)	-
Unpaid share in RCN Law LLP	(1)	(1)
Total liabilities	(41,262)	(1)
Net assets	271,379	95,476
Total assets less current liabilities	271,379	95,476
Capital and reserves		
Nominal share capital	2	2
Profit and loss account	271,377	95,474
Total shareholders' funds	271,379	95,476

The accounts have been prepared in accordance with the provisions of Section 1A of FRS 102.

The accounts of RCN Holdco Limited (registered number 09691324) were approved by the board of directors and authorised for issue on 3 July 2020. They were signed on its behalf by:



Andrew Cowan, Director

Date: 3 July 2020

RCN Holdco Limited

Notes to the Financial Statements for the year ended 31 December 2019

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

Following the introduction of lockdown measures in March 2020, the RCN Group has made an assessment regarding the impact of the ongoing COVID-19 pandemic on its operations and financial sustainability.

The RCN Law LLP board met on 5 May 2020 where the impact of COVID-19 was discussed. The impact of the crisis on RCN Law LLP will be minimal as the business continues to operate, but have forecast a small drop in overall income of around £30k to around £540k for the year end 2020. RCN Holdco Limited's share is expected to be around £350k.

RCN Council supported by management believe the RCN and RCN Group entities remain financially viable and the RCN Holdco Limited 2019 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, New Law Legal Ltd, 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% (New Law) 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 2019.

2. Directors' remunerations

The Directors received no remuneration for their role as Director and incurred no expenses in the year ended 31 December 2019.

3. Called up share capital

Authorised Number Value	Class	Nominal	31 December 2019
2	Ordinary	£1	£2

The two £1 shares are held in trust, for the benefit of the RCN UK, by Dame Donna Kinnair and Timothy Golbourn and have been allotted, issued but not paid.

4. Ultimate controlling party

RCN Holdco Limited has two ordinary £1 shares in issue held on trust for RCN UK by Dame Donna Kinnair and Timothy Golbourn. 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.

5. 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, New Law legal.

6. Taxation

The RCN Group is the parent company of RCN HoldCo Limited. The group tax relief is used to set off the profit made in the year. Therefore, no tax on profit is payable by RCN HoldCo Limited.

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 2019 £	31 December 2018 £
Profit on ordinary activities before tax	217,163	79,739
Tax on ordinary activities at the main rate of corporation tax in the UK of 19% (31 December 2018: 19%)	41,261	15,150
Group relief surrendered/(claimed)	–	(15,150)
Adjust opening deferred tax to average rate of 19% (31 December 2018: 19%)	–	–
Deferred tax not recognised	–	–
Total tax charge	41,261	–

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The RCN is a Royal College set up by Royal
Charter and a Special Register Trade Union
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