

## **BUPA INVESTMENTS LIMITED**

**Directors' report and financial statements  
for the year ended**

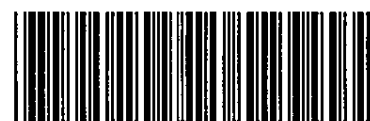
**31 December 2012**

**Registered office:**

**Bupa House  
15 – 19 Bloomsbury Way  
London  
WC1A 2BA**

**Registered number: 902253**

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## **Directors' report**

### **for the year ended 31 December 2012**

The Directors present their annual report and the financial statements of Bupa Investments Limited ("the Company") for the year ended 31 December 2012

#### **1. Principal activities**

The principal activity of the Company for the year was that of an investment holding and intercompany funding company

#### **2. Business review**

The Directors consider the performance of the Company during the year to be satisfactory

#### **Results**

The results of the Company show a profit before taxation of £0.1m (2011 £146.6m) and turnover of £28.7m (2011 £1,185.8m). The Company has net assets of £771.4m (2011 £771.6m).

The £146.5m decrease in profit before taxation is mainly attributable to a Group-wide capital management project carried out in 2011, resulting in operating income of £1,136.8m, off-set by provisions raised against investments of £955.7m recorded in the prior year for which no such amounts were recorded in 2012. A further decrease resulted from lower gains on disposals of subsidiary entities of £0.2m in 2012 (2011 £23.1m).

The above decrease is offset by Group companies either being placed into member's voluntary liquidation or applications for strike off being submitted to the Registrar of Companies which resulted in the write off of investments in 2011 of £68.1m.

In addition to the above, there were net foreign exchange gains of £8.3m (2011 £2.7m loss) and lower interest expense of £30.9m (2011 £39.0m).

#### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2012 (2011 £nil).

#### **Principal risks and uncertainties**

The Company's management and its strategy are subject to a number of uncertainties and risks. These risks and uncertainties include interest rate and foreign exchange rate fluctuations driven by the external investment market and the uncertainty of timing of cash generation within the other Group companies. Management believes that these risks and uncertainties are managed effectively where possible and are reviewed on a regular basis in line with Group policies.

## **Directors' report (continued)**

### **for the year ended 31 December 2012**

Details of Bupa Group's business risks and risk management processes are set out in the ultimate parent company's annual report. Bupa Group consists of The British United Provident Association Limited (Bupa) and its subsidiaries and holding companies or subsidiaries of such holding companies. The Company is managed on a divisional basis as part of the Bupa Group's operations. The Directors do not therefore consider the use of KPIs to be appropriate or necessary to provide an understanding of the development performance or position of the Company.

#### **3. Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **4. International Financial Reporting Standards**

The ultimate parent undertaking, Bupa, has prepared group accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The Company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

#### **5. Directors**

Details of the present Directors and any other persons who served as a Director during the year are set out below.

G M Evans  
N T Beazley  
I J Goodacre  
B D J Kent (resigned 19/10/2012)  
S M Los  
M A Merchant  
C A Richardson

#### **6. Companies (Audit, Investigations and Community Enterprise) Act 2004**

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

#### **7. Political and charitable contributions**

The Company made no political or charitable donations during the year (2011: £nil).

## **Directors' report (continued)** **for the year ended 31 December 2012**

### **8. Disclosure of information to auditors**

The Directors who held office at the date of approval of this Directors' report confirm that

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and
- each Director has taken all the steps that they ought to have taken as a Director to make themselves 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 Section 418 of the Companies Act 2006

### **9. Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Registered office

Bupa House  
15 – 19 Bloomsbury Way  
London  
WC1A 2BA

**By Order of the Board**



11 March 2013

**S M Los**  
**Director**

## **Statement of Directors' responsibilities for the year ended 31 December 2012**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 and loss of the Company for that period

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

## **Independent auditor's report to the members of Bupa Investments Limited**

We have audited the financial statements of Bupa Investments Limited for the year ended 31 December 2012 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private](http://www.frc.org.uk/apb/scope/private).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Bupa Investments Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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



**Jonathan Da Costa (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

15 Canada Square  
London  
E14 5GL

11 March 2013



**Profit and loss account**  
for the year ended 31 December 2012

	Note	2012 £	2011 £
Income from investment activities	3	28,722,759	1,185,766,841
Interest payable and similar charges	4	(31,131,672)	(997,621,745)
Administrative expenses		(4,578)	(12,084)
<b>Operating (loss)/profit</b>		<b>(2,413,491)</b>	<b>188,133,012</b>
Other interest receivable and similar income	6	2,271,605	3,427,045
Disposal of investments in Group companies	7	193,717	23,094,316
Write off of investments in Group companies	8	(1,360)	(68,090,971)
<b>Profit on ordinary activities before taxation</b>		<b>50,471</b>	<b>146,563,402</b>
Tax on profit on ordinary activities	9	(259,020)	2,830,956
<b>(Loss)/Profit for the year</b>		<b>(208,549)</b>	<b>149,394,358</b>

The operating loss is all derived from continuing operations

There were no recognised gains and losses other than the loss for the financial year

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation

The accounting policies and notes on pages 10 to 18 form part of these financial statements

## Balance sheet

as at 31 December 2012

	Note	2012 £	2011 £
<b>Non-current assets</b>			
Investments	10	1,930,738,413	2,062,900,508
Deferred tax asset	11	844,740	-
		<b>1,931,583,153</b>	<b>2,062,900,508</b>
<b>Current assets</b>			
Debtors			
- due within one year	12	58,368,736	97,447,361
Cash at bank and in hand		-	4,051,246
		<b>58,368,736</b>	<b>101,498,607</b>
<b>Creditors amounts falling due within one year</b>	13	<b>(95,156,441)</b>	<b>(68,746,747)</b>
<b>Net current (liabilities)/assets</b>		<b>(36,787,705)</b>	<b>32,751,860</b>
<b>Total assets less current liabilities</b>		<b>1,894,795,448</b>	<b>2,095,652,368</b>
<b>Creditors amounts falling due after more than one year</b>	14	<b>(1,123,392,888)</b>	<b>(1,323,541,450)</b>
<b>Deferred tax liability</b>	11	-	(499,809)
<b>Net assets</b>		<b>771,402,560</b>	<b>771,611,109</b>
<b>Shareholder's funds</b>			
Called up share capital	15	50,000	50,000
Profit and loss account	16	771,352,560	771,561,109
<b>Shareholder's funds</b>		<b>771,402,560</b>	<b>771,611,109</b>

These financial statements were approved by the Board of Directors on 11 March 2013  
and were signed on its behalf by



G M Evans  
Director

The accounting policies and notes on pages 10 to 18 form part of these financial statements

## Reconciliation of movement in shareholder's funds for the year ended 31 December 2012

	2012 £	2011 £
(Loss)/Profit for the year	(208,549)	149,394,358
Realised surplus on revaluation of properties	-	85,084
<b>Net (decrease)/increase in shareholder's funds</b>	<b>(208,549)</b>	<b>149,479,442</b>
Opening shareholder's funds	771,611,109	622,131,667
<b>Closing shareholder's funds</b>	<b>771,402,560</b>	<b>771,611,109</b>

The accounting policies and notes on pages 10 to 18 form part of these financial statements

## **Accounting policies**

### **for the year ended 31 December 2012**

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

#### **(a) Basis of preparation**

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

#### **(b) Exemption from consolidation**

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

#### **(c) Related party transactions**

As the Company is a wholly owned subsidiary of Bupa, the Company has taken advantage of the exemption contained in Financial Reporting Standard (FRS) 8 Related Party Disclosures and has therefore not disclosed transactions or balances with entities which form part of the Bupa Group. The consolidated financial statements of Bupa, within which this Company is included, can be obtained from the address given in Note 1.

#### **(d) Cash flow statement**

Under FRS 1 Cash Flow Statements (revised 1996) the Company is exempt from the requirement to prepare a cash flow statement on the grounds it is a wholly owned subsidiary undertaking of Bupa, a company that prepares a consolidated cash flow statement for the Bupa Group.

#### **(e) Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **(f) Investment income**

Dividends on equity investments are included, together with the related tax credit, in the profit and loss account on a cash basis which is not materially different from an ex-dividend basis; other investment income is recognised on an accruals basis.

## **Accounting policies (continued)**

### **for the year ended 31 December 2012**

#### **(g) Investments**

Investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value and value in use. Impairment losses are recognised in the profit and loss account.

The carrying amounts of assets are reviewed at least annually. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

Short term deposits and listed investments are included at cost.

#### **(h) Cash and liquid resources**

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

#### **(i) Financial investments**

FRS 25 (Financial instruments: presentation) and FRS 26 (Financial instruments: recognition and measurement) have been applied as noted below.

As the Company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (Bupa), a company that prepares consolidated accounts that apply IFRS 7 (Financial Instruments: Disclosures), the Company is, pursuant to paragraph 2D of FRS 29 (Financial Instruments: Disclosures), exempt from producing the disclosures set out in the standard.

#### **Non-derivative financial instruments**

Non-derivative financial instruments comprise cash and cash equivalents and loans and borrowings. These financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

#### **Derivative financial instruments**

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss account when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes there in are recognised immediately in the profit and loss account.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and shares options are recognised as a deduction from equity, net of any tax effects.

## **Accounting policies (continued)**

### **for the year ended 31 December 2012**

#### **(j) Taxation and deferred taxation**

The charge for taxation is based on the result for the year and takes into account deferred taxation

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation of property to its market value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associated undertakings and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws

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

## Notes to the financial statements for the year ended 31 December 2012

### 1. Immediate and ultimate parent company

The immediate parent undertaking of the Company and the smallest group into which these financial statements are consolidated is that headed by Bupa Finance Plc, a company incorporated in England and Wales

The ultimate parent undertaking of the Company, and the largest group into which these financial statements are consolidated, is Bupa, a company incorporated in England and Wales

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

### 2. Staff costs and Directors' remuneration

The Company had no employees during the year and consequently incurred no staff costs during the current or preceding year

The emoluments of the Directors are borne entirely by the other Group companies and are disclosed in the financial statements of those companies

### 3 Income from investment activities

	2012	2011
	£	£
Income from shares in Group undertakings	-	1,017,656,583
Interest receivable from Group undertakings	19,839,489	20,428,571
Interest rate swap interest receivable	-	8,068,962
Fair value adjustment of swap instrument	-	19,867,652
Profit on financial instruments	573,144	590,343
Investment management charges	53,929	37,214
Write off of amounts owed to Group undertakings	-	119,117,516
Net foreign exchange gain	8,256,197	-
	<b>28,722,759</b>	<b>1,185,766,841</b>

### 4. Interest payable and similar charges

	2012	2011
	£	£
Bank loans and overdrafts	249,828	267,336
Interest payable to Group undertakings	30,881,845	39,001,007
Net foreign exchange loss	-	2,696,541
Provision against amounts owed by Group undertakings	-	(21,358,734)
Provisions against investments in subsidiaries undertakings	(1)	977,015,595
	<b>31,131,672</b>	<b>997,621,745</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2012

### 5. Auditor's remuneration

	2012 £	2011 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	63,000	61,500

Fees for the audit of the Company represent the amount receivable by the Company's auditors. The amount may not be borne by the Company.

Fees paid to the Company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of Bupa, the ultimate parent undertaking, disclose non-audit fees on a consolidated basis.

### 6. Other interest receivable and similar income

	2012 £	2011 £
Interest receivable	2,222,151	3,379,418
Rental income	-	20,576
Interest on taxation	40,002	16,852
Other income	9,452	10,199
	<b>2,271,605</b>	<b>3,427,045</b>

### 7. Disposal of investment in Group companies

	2012 £	2011 £
Gain on disposal of Teddies Nurseries Limited	-	200,000
Gain on disposal of Bupa Health Assurance Limited	193,717	20,126,614
Gain on disposal of Bupa Finance (Jersey) Limited	-	2,767,702
	<b>193,717</b>	<b>23,094,316</b>

### 8. Write off of investments in Group Companies

	2012 £	2011 £
Loss on write off of investments in Group companies	1,360	68,090,971



## Notes to the financial statements (continued)

### for the year ended 31 December 2012

#### 9. Tax on profit on ordinary activities

##### (i) Analysis of tax charge/(credit) in the year

	2012 £	2011 £
<b>Current tax</b>		
UK corporation tax on profit for the year	(84,988)	2,807,832
Double taxation relief	-	(95,429)
	(84,988)	2,712,403
Foreign tax on income for the year	-	95,429
	(84,988)	2,807,832
Adjustments in respect of prior periods - UK corporation tax	1,688,557	(5,598,803)
<b>Total current tax</b>	<b>1,603,569</b>	<b>(2,790,971)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	50,565	208
Change in tax rates	77,852	(39,968)
Adjustments in respect of prior periods	(1,472,966)	(225)
<b>Total deferred tax</b>	<b>(1,344,549)</b>	<b>(39,985)</b>
<b>Total tax on profit on ordinary activities</b>	<b>259,020</b>	<b>(2,830,956)</b>

##### (ii) Factors affecting the tax charge/(credit)

The differences between the total current tax charge/(credit) shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	2012 £	2011 £
<b>Profit on ordinary activities before taxation</b>	<b>50,471</b>	<b>146,563,402</b>
Tax on profit on ordinary activities at standard rate of 24.5% (2011: 26.5%)	12,364	38,829,261
Effects of		
Changes in tax rate	(3,291)	(12)
Non taxable income	(43,496)	(306,920,481)
Expenses not deductible for tax purposes	-	270,886,055
Transfer pricing adjustment	-	13,217
Accelerated capital allowances	-	(208)
Deferred tax on short-term and other timing differences	(50,565)	-
Adjustments to tax charge/(credit) in respect of prior periods	1,688,557	(5,598,803)
<b>Total current tax charge/(credit) for year</b>	<b>1,603,569</b>	<b>(2,790,971)</b>

## Notes to the financial statements (continued) for the year ended 31 December 2012

### 9 Tax on profit on ordinary activities (continued)

#### (iii) Factors that may affect future tax charges

The Budget statement in December 2012 announced that the UK corporation tax rate will reduce to 21% by 2014. The reduction to 23% (effective from 1 April 2013) was enacted on 3 July 2012. The company's deferred tax balances have been provided for at 23% (25% at 31 December 2011), being the rate that was substantively enacted at 31 December 2012.

The effect of the reduction in the UK corporation rate to 21% would create an additional reduction in the deferred tax balance of approximately £73,000. This has not been reflected in the figures above as it was not substantively enacted at the balance sheet date.

### 10 Investments

	1 January 2012 £	Additions £	Disposals/ Repayments £	31 December 2012 £
<b>Group undertakings</b>				
Subsidiary undertakings	1,927,490,200	-	(1,360)	1,927,488,840
Loans to Group companies	1,181,502,030	102,562,764	(234,723,500)	1,049,341,294
	3,108,992,230	102,562,764	(234,724,860)	2,976,830,134
Provisions for impairment	(1,046,091,722)	-	1	(1,046,091,721)
	<b>2,062,900,508</b>	<b>102,562,764</b>	<b>(234,724,859)</b>	<b>1,930,738,413</b>

In 2012, the Company wrote off its remaining holding in Worldwide Medical Assistance S A C V (Mexico), incurring a loss of £1,360.

The principal subsidiary companies of the Company as at 31 December 2012 are listed below.

	Holding (%)	Class of shares	Country of incorporation
Bupa (Asia) Limited	30%	Ordinary Shares	Hong Kong
Bupa Egypt Insurance S A E	0.02%	Ordinary Shares	Egypt
Bupa Europe Limited	100%	Ordinary Shares	England and Wales
Bupa Holdings (Jersey) Limited	100%	Ordinary shares	Jersey
Bupa International Limited	99.99%	Ordinary Shares	Hong Kong
Bupa Limited	100%	Ordinary Shares	England and Wales
Bupa Malta Investments No 1 Limited	100%	Ordinary Shares	Gibraltar
Bupa Malta Investments No 2 Limited	100%	Ordinary Shares	Gibraltar
Bupa Secretaries Limited	100%	Ordinary Shares	England and Wales
Bupa Treasury Investments Limited Partnership	0%	Partnership capital	England and Wales
Bupa Treasury Limited	100%	Ordinary Shares	England and Wales
Bupa Trustees Limited	100%	Ordinary Shares	England and Wales
Calverguild Limited	100%	Ordinary Shares	England and Wales
Ebbgate Nursing Homes (London) Limited	100%	Ordinary Shares	England and Wales
Ebbgate Nursing Homes Limited	100%	Ordinary Shares	England and Wales

## Notes to the financial statements (continued)

for the year ended 31 December 2012

### 11. Deferred tax asset/(liability)

	2012 £	2011 £
At beginning of year	(499,809)	(539,794)
Charge for year	1,344,549	39,985
<b>At end of year</b>	<b>844,740</b>	<b>(499,809)</b>

#### Deferred taxation

Net deferred tax asset is analysed as follows

	2012 £	2011 £
Other timing differences	844,740	(499,809)
<b>Deferred tax asset/(liability)</b>	<b>844,740</b>	<b>(499,809)</b>

### 12. Debtors

	2012 £	2011 £
<b>Amounts falling due within one year.</b>		
Investment in Corporate bonds	90,749	90,749
Derivative assets	1,424,459	665,163
Amounts owed by Group undertakings	56,853,528	96,691,449
	<b>58,368,736</b>	<b>97,447,361</b>

### 13. Creditors – amounts falling due within one year

	2012 £	2011 £
Bank overdraft	13,894,956	-
Accruals and deferred income	219,245	219,245
Derivative liabilities	572,257	189,664
Amounts owed to Group undertakings	68,617,939	54,527,924
Other creditors including taxation and social security	11,852,044	13,809,914
	<b>95,156,441</b>	<b>68,746,747</b>

### 14. Creditors – amounts falling due after more than one year

	2012 £	2011 £
Accruals and deferred income	3,453,541	3,673,387
Amounts owed to Group undertakings	1,119,939,347	1,319,868,063
	<b>1,123,392,888</b>	<b>1,323,541,450</b>

## Notes to the financial statements (continued)

### for the year ended 31 December 2012

#### Called up share capital

	2012 £	2011 £
Allotted, called up and fully paid 50,000 ordinary shares of £1 each	50,000	50,000

#### 15 Reserves

	Profit and loss account 2012 £	Total 2012 £
At beginning of year	771,561,109	771,561,109
loss for the year	(208,549)	(208,549)
At end of year	771,352,560	771,352,560

#### 16. Guarantees, contingent liabilities and other financial commitments

##### (i) Contingent liabilities

Under a Group registration the Company is jointly and severally liable for value added tax due by certain other Group companies

##### (ii) Guarantees

At 31 December 2012, the Company was party to a £800 million revolving credit facility. The Company has joint and several liability for all obligations under the agreements.

The Company has given a guarantee in respect of a £350m bond issued by Bupa Finance Plc.

The Company has also given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Group undertakings.

#### 17. Subsequent events

There were no subsequent events.

**BUPA TREASURY INVESTMENTS LIMITED  
PARTNERSHIP**

**Partners' report and financial statements  
for the period ended**

**31 December 2012**

**Registered office:**

**Bupa House  
15 – 19 Bloomsbury Way  
London  
WC1A 2BA**

**Registered number:    LP14684**

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## **General Partner's report**

### **for the period ended 31 December 2012**

Bupa Investments Limited (the "General Partner") presents its annual report and the financial statements of Bupa Treasury Investments Limited Partnership ("the LP") for the period ended 31 December 2012

The LP was originally constituted under the Partnership Agreement dated 10 October 2011, which was amended (the "Amended Partnership Agreement") on 16 December 2011

#### **1. Principal activity**

The principal activity of the LP for the period was that of investment holding

#### **2. Business review**

The Partnership was established on 12 October 2011 and is registered as a Limited Partnership in England and Wales under the Limited Partnership Act 1907

#### ***Results and allocation to the partners***

The loss for the period 12 October 2011 to 31 December 2012, after taxation, amounted to £0.4m. The LP had net assets of £498.3m

No drawings were made by the partners during the period

#### ***Key performance indicators***

The General Partner does not consider the use of KPIs to be appropriate or necessary to provide an understanding of the development, performance or position of the LP

#### ***Principal risks and uncertainties***

Details of Bupa Group's business risks and risk management processes are set out in the parent company's annual report. Bupa Group consists of The British United Provident Association Limited ("Bupa") and its subsidiaries and holding companies or subsidiaries of such holding companies. The LP is managed on a divisional basis as part of the Group's operations.

#### **3. Going concern**

After making enquiries, the Directors have a reasonable expectation that the Partnership has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding adoption of the going concern basis can be found in the accounting policies of the financial statements.

## **General Partner's report (continued)** **for the period ended 31 December 2012**

### **4. International Financial Reporting Standards**

The ultimate parent undertaking, Bupa, has prepared group accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The LP is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

### **5. Partners**

The following were partners during the period

Bupa Investments Limited (General partner)	(appointed 12/10/2011)
Bupa Treasury Limited (Limited partner)	(appointed 12/10/2011)

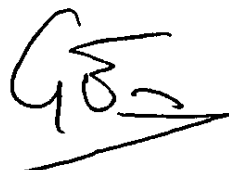
### **6. Auditor**

Pursuant to the Amended Partnership Agreement, the LP is not obliged to reappoint its auditor annually and KPMG Audit Plc will therefore continue in office.

### **Registered office**

Bupa House  
15 – 19 Bloomsbury Way  
London  
WC1A 2BA

21 March 2013



**G M Evans**  
**For and on behalf of the**  
**General Partner**

**Bupa Investments Limited**  
**Registered Number: 902253**  
**Registered Office: Bupa House, 15-19**  
**Bloomsbury Way, London WC1A 2BA**



## **Statement of General Partner's responsibilities for the period ended 31 December 2012**

The General Partner is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

The Companies Act 2006 as applied to qualifying partnerships (Accounts) Regulations 2008 (the "Regulations") requires the Partners to prepare financial statements for each financial year. Under the law the General Partner has prepared the Partnership financial statements in accordance with United Kingdom General Accepted Accounting practice (United Kingdom Accounting Standards and applicable law)

Under the Companies Act 2006 as applied to qualifying partnerships the General Partner 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 Partnership and of the profit or loss of the Partnership for that period. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have 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 Partnership and group will continue in business

The General Partner is responsible for keeping adequate accounting records that are sufficient to show and explain the Partnership's transactions and disclose, with reasonable accuracy at any time, the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations. The General Partner is also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **Disclosure of information to auditors**

At the date of approval of this report, the General Partner confirms that

- so far as the General Partner is aware, there is no relevant information of which the Partnership's auditors are unaware, and
- the General Partner has taken all the steps that ought to have been taken as a general partner to be aware of any relevant audit information and to establish that the Partnership's auditors are aware of that information

The financial statements have been prepared in accordance with clause 12 of the Amended Partnership Agreement and part 15 of the Companies Act 2006 as required under the Partnerships (Accounts) Regulations 2008.

## **Independent auditor's report to the members of Bupa Treasury Investments Limited Partnership**

We have audited the financial statements of Bupa Treasury Investments Limited Partnership for the period from 12 October 2011 to 31 December 2012 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the members, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the members those matters we have been engaged to state to them in this 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 LP and the members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the General Partner and auditor**

As explained more fully in the General Partner's Responsibilities Statement set out on page 3, the General Partner is responsible for the preparation of the financial statements in accordance with the Amended Partnership Agreement. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with the terms of the engagement and having regard to International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the LP's circumstances and have been consistently applied and adequately disclosed, and
- the reasonableness of significant accounting estimates made by the General Partner.

In view of the purpose for which these accounts have been prepared, however, we did not assess the overall presentation of the accounts which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland).

### **Opinion on financial statements**

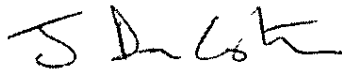
In our opinion the financial statements for the period from 12 October 2011 to 31 December 2012 have been properly prepared, in all material respects, in accordance with the accounting policies set out on pages 9 and 10 and in accordance with the Amended Partnership Agreement.

## **Independent auditor's report to the members of Bupa Treasury Investments Limited Partnership (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where under the terms of our engagement, we are required to report to you if, in our opinion

- the General Partner's report is not consistent with the financial statements,
- the financial statements are not in agreement with the accounting records and returns,
- information specified by the Amended Partnership Agreement regarding partners' remuneration and other transactions is not disclosed, or
- we have not received all the information and explanations we require for our audit



**Jonathan Da Costa (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

15 Canada Square  
London  
E14 5GL

21 March 2013

Bupa Treasury Investments Limited Partnership  
 Financial statements  
 Period ended 31 December 2012  
 Registered number LP14684

## Profit and loss account for the period ended 31 December 2012

	Note	Period from 12 October 2011 to 31 December 2012 £
Income from investment activities	3	15,776,399
Interest payable and similar charges	4	(16,210,611)
<b>Loss before taxation</b>		<b>(434,212)</b>
Tax on ordinary activities	6	-
<b>Loss for the period</b>		<b>(434,212)</b>

The operating loss is all derived from continuing operations

There were no recognised gains and losses other than the loss for the financial period

The accounting policies and notes on pages 9 to 14 form part of these financial statements

**Balance sheet**  
 as at 31 December 2012

	Note	Period ended 31 December 2012 £
<b>Fixed assets</b>		
Investments	7	886,251,658
		<b>886,251,658</b>
<b>Creditors: amounts falling due within one year</b>	8	<b>(387,979,510)</b>
<b>Net current liabilities</b>		<b>(387,979,510)</b>
<b>Total assets less current liabilities</b>		<b>498,272,148</b>
<b>Net assets</b>		<b>498,272,148</b>
<b>Partners' funds</b>		
Partnership Capital	9	470,491,062
Profit and loss account	10	27,781,086
<b>Partners' funds</b>		<b>498,272,148</b>

These financial statements were approved by the General Partner on 21 March 2013 and were signed on its behalf by



**G M Evans**  
 For and on behalf of the  
 General Partner

**Bupa Investments Limited**  
 Registered Number: 902253

The accounting policies and notes on pages 9 to 14 form part of these financial statements

Bupa Treasury Investments Limited Partnership  
 Financial statements  
 Period ended 31 December 2012  
 Registered number: LP14684

## Reconciliation of movement in Partners' funds for the period ended 31 December 2012

	Note	Period from 12 October 2011 to 31 December 2012 £
Loss for the period		(434,212)
Ordinary partnership capital	9	470,491,062
Increase in partners' funds	10	28,215,298
<b>Net increase in partners' funds</b>		<b>498,272,148</b>
Opening partners' funds		-
<b>Closing partners' funds</b>		<b>498,272,148</b>

The accounting policies and notes on pages 9 to 14 form part of these financial statements

## **Accounting policies**

### **for the period ended 31 December 2012**

The principal accounting policies are summarised below. They have been applied consistently throughout the period.

#### **(a) Basis of preparation**

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

#### **(b) Related party transactions**

As the LP is a wholly owned subsidiary of Bupa, the LP has taken advantage of the exemption contained in Financial Reporting Standard (FRS) 8, Related Party Disclosures and has therefore not disclosed transactions or balances with entities which form part of the Bupa Group. The consolidated financial statements of Bupa, within which this LP is included, can be obtained from the address given in note 1.

#### **(c) Cash flow statement**

Under FRS 1 Cash Flow Statements (revised 1996) the LP is exempt from the requirement to prepare a cash flow statement on the grounds it is a wholly owned subsidiary undertaking of Bupa, a company that prepares a consolidated cash flow statement for the Bupa Group.

#### **(d) Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **(e) Investment income**

Dividends on equity investments are included, together with the related tax credit, in the profit and loss account on a cash basis which is not materially different from an ex-dividend basis. Other investment income is recognised on an accruals basis.

## **Accounting policies (continued)**

**for the period ended 31 December 2012**

### **(f) Investments**

Investments in subsidiary undertakings are stated at cost less provision for any permanent diminution in value

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net realisable value and value in use. Impairment losses are recognised in the profit and loss account.

The carrying amounts of assets are reviewed at least annually. For the purpose of assessing impairments, assets are grouped at the lowest level, for which there are separately identifiable cash flows (cash-generating units).

### **(g) Interest bearing borrowings**

Immediately after issue, debt is stated at fair value of the consideration received after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

### **(h) Cash and liquid resources**

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

### **(i) Taxation and deferred taxation**

The charge for taxation is based on the result for the period and takes into account deferred taxation.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associated undertakings and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws.



## Notes to the financial statements for the period ended 31 December 2012

### 1. Controlling parties and ultimate controlling party

The controlling party of Bupa Treasury Investments Limited Partnership is the General Partner, Bupa Investments Limited, a company incorporated in England and Wales

The ultimate parent undertaking of the LP, and the largest group into which these financial statements are consolidated, is The British United Provident Association Limited (Bupa), a company incorporated in England and Wales. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance Plc, a company incorporated in England and Wales

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

### 2. Staff costs and Partners' remuneration

The LP had no employees during the period and consequently incurred no staff costs during the current period

The emoluments of the Partners are borne entirely by other Group companies and are disclosed in the financial statements of those companies

### 3. Income from investment activities

	Period from 12 October 2011 to 31 December 2012 £
Interest receivable from Group undertakings	15,776,399

### 4. Interest payable and similar charges

	Period from 12 October 2011 to 31 December 2012 £
Interest payable on discounted loan notes	16,194,808
Interest payable to Group undertakings	15,803
	16,210,611

## Notes to the financial statements (continued)

for the period ended 31 December 2012

### 5. Auditor's remuneration

	Period from 12 October 2011 to 31 December 2012 £
Fees payable to the LP's auditors for the audit of the LP's annual accounts	4,000

Fees for the audit of the LP represent the amount receivable by the LP's auditors. The amount may not be borne by the LP

Fees paid to the LP's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the LP are not disclosed in these accounts since the consolidated accounts of Bupa, the ultimate parent undertaking, disclose non-audit fees on a consolidated basis

### 6. Tax on profit on ordinary activities

#### (i) Analysis of tax charge in the year

	Year to 31 December 2012 £
Total tax on profit on ordinary activities	-

#### (ii) Factors affecting the tax charge

The differences between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows.

	Year to 31 December 2012 £
Loss on ordinary activities before taxation	(434,212)
Tax on loss on ordinary activities at standard UK corporation tax rate of 24.8% (2011 26.5%)	(107,552)
Effects of Income and expenditure subject to tax in corporate partners books	107,552
Total current tax charge for year	-

## Notes to the financial statements (continued)

for the period ended 31 December 2012

### 7. Investments

	12 October 2011 £	Additions £	31 December 2012 £
Group undertakings:			
Subsidiary undertakings	-	28,586,012	28,586,012
Loans to Group undertakings	-	857,665,646	857,665,646
	-	886,251,658	886,251,658

During the year the company issued interest bearing loans to Group companies, Bupa Finance Plc (£786 2m) and Bupa CareHomes (CFC) Plc (£71 5m) These loans mature on 24 February 2013

The investment in subsidiary undertakings as at 31 December 2012 is held in

	Holding (%)	Class of shares	Country of incorporation
Amedex Insurance Company (Bermuda) Limited	70	Ordinary shares	Bermuda
Bupa Occupational Health Limited	100	Ordinary shares	United Kingdom

On 20 December 2011, the LP acquired 497,000 ordinary shares of BMD 1 each in Amedex Insurance Company (Bermuda) Limited, and a further 4,550,000 ordinary shares of BMD 1 each on 29 October 2012. On 9 November 2011, the LP acquired 77,903,000 ordinary shares of £1 each in Bupa Occupational Health Limited

In the opinion of the General Partner, investments are worth at least the amount at which they are stated in the balance sheet

### 8. Creditors – amounts falling due within one year

	Period ended 31 December 2012 £
Amounts owed to Group undertakings	387,979,510
<b>Creditors falling due within one year</b>	<b>387,979,510</b>

The LP issued discounted convertible loan notes ("the Notes") to Bupa Treasury Limited on 9 November 2011 for the principal value of £400m. The Notes expire on 9 November 2013. Upon expiry, the holder has the option of conversion to either the cash equivalent of the principal value of the Notes, or to increase the investment it has in the LP by allocation of an additional £400,084,952 ordinary partnership capital.

## Notes to the financial statements (continued)

for the period ended 31 December 2012

### 9. Partnership capital

	Period ended 31 December 2012 £
Allotted, called up and fully paid	
470,491,062 ordinary partnership capital shares of £1 each	470,491,062
<b>Partnership capital in Partners' funds</b>	<b>470,491,062</b>

On 12 October 2011, one share was issued to Bupa Investments Limited and to Bupa Treasury Limited. On 9 November 2011 a further 4,704,911 shares were issued to Bupa Investments Limited and a further 465,786,149 shares were issued to Bupa Treasury Limited. The nominal value of all shares issued is £1 per share.

### 10. Reserves

	Period from 12 October 2011 to 31 December 2012 £
At beginning of period	-
Loss for the period	(434,212)
Other reserves	28,215,298
<b>At end of period</b>	<b>27,781,086</b>

Other reserves comprise the equity portion of the Notes which is the difference between the principal value of the Notes (refer note 8) and their present value, of £371,784,702 at the date of issue.

### 11. Contingent liabilities, guarantees and other financial commitments

#### (i) Contingent liabilities

Under a Group registration the LP is jointly and severally liable for Value Added Tax due by certain other Group companies.

#### (ii) Guarantees

The LP has given a guarantee and loan undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Group undertakings.

### 12. Subsequent events

There were no subsequent events.