

**BUPA INVESTMENTS LIMITED**

**(Registered number 902253)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED**

**31 DECEMBER 2018**

**Registered office:**

**1 Angel Court  
London  
EC2R 7HJ**



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## **Strategic report**

### **for the year ended 31 December 2018**

The Directors present their Strategic Report for Bupa Investments Limited ("the Company") for the year ended 31 December 2018.

#### **Business Review**

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

The results of the Company show a loss before taxation of £5m (2017: £3m loss) with income from investment activities of £19m (2017: £16m). The driver of the £2m increase in year on year losses is the £1m increase in amortisation of intangible assets and £2m subscriptions fees recognised in profit and loss, partly offset by an interest income on loans to Group undertakings. The Company has net assets of £773m (2017: £780m).

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

The Company is subject to a number of uncertainties and risks. These risks and uncertainties include interest rate and foreign exchange rate fluctuations driven by external market influences, as well as the uncertainty of timing of cash generation and funding requirements within other Group companies. The Company's management determines that these risks and uncertainties are managed effectively where possible and are reviewed on a regular basis in line with Bupa Group policies.

Details of the Bupa Group's business risks and risk management processes are set out in Annual Report of the ultimate parent company, The British United Provident Association Limited ("Bupa"). The Bupa Group consists of Bupa and its direct and indirect subsidiary entities. No formal key performance indicators are used or monitored, however the Directors recognise the role of the Company and thus monitor performance with respect to the solvency of the Company, the underlying performance of the investments and therefore the valuation of the investments in the balance sheet.

Registered office:

1 Angel Court  
London  
EC2R 7HJ

8 March 2019

**By Order of the Board**



**J Linton**  
**Director**

## **Directors' report**

### **for the year ended 31 December 2018**

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2018.

#### **Principal activities**

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

#### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2018 (2017: £nil).

#### **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.

#### **International Financial Reporting Standards and Financial Reporting Requirements**

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. As the Company is a wholly owned subsidiary undertaking of Bupa, the Company qualifies for application of Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"), which has been adopted for these financial statements. FRS 101 uses the recognition and measurement bases of IFRS, while allowing exemptions from a number of disclosures required by full IFRS.

#### **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  
C A Richardson  
G H Roberts (Appointed 1 February 2019)  
M Potkins (Resigned 1 February 2019)  
J Linton

#### **Companies (Audit, Investigations and Community Enterprise) Act 2006**

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.

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

### **for the year ended 31 December 2018**

#### **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 auditor is 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 auditor is 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.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed reappointed and KPMG LLP will therefore continue in office.

Registered office:

1 Angel Court  
London  
EC2R 7HJ

8 March 2019

**By Order of the Board**



**J Linton**  
**Director**

## **Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

## **Opinion**

We have audited the financial statements of Bupa Investments Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Philip Smart (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
15 Canada Square  
Canary Wharf  
London  
E14 5GL  
8 March 2019

## Profit and loss account for the year ended 31 December 2018

	Note	2018 £	2017 £
Income from investment activities	4	18,653,090	16,229,808
Interest payable and similar expenses	5	(12,242,480)	(9,247,902)
Provision for impairments against investments in subsidiaries	6	(8,719,276)	(10,704,251)
Administrative expenses	7	(3,969,714)	(368,091)
<b>Operating loss</b>		<b>(6,278,380)</b>	<b>(4,090,436)</b>
Other interest receivable and similar income	8	1,013,851	1,228,276
<b>Loss before taxation</b>		<b>(5,264,529)</b>	<b>(2,862,160)</b>
Tax on loss	9	(1,482,316)	(3,591,074)
<b>Loss for the year</b>		<b>(6,746,845)</b>	<b>(6,453,234)</b>

Operating loss is derived from continuing operations.

There were no material differences between reported profits and losses and historical profits and losses before and after taxation.

## Other comprehensive income

	2018 £	2017 £
Loss for the year	(6,746,845)	(6,453,234)
<b>Total comprehensive income for the year</b>	<b>(6,746,845)</b>	<b>(6,453,234)</b>

The notes on pages 11 to 22 form part of these financial statements

## Balance sheet

as at 31 December 2018

	Note	2018 £	2017 £
<b>Non-current assets</b>			
Investments	11	1,696,641,931	1,718,971,589
Deferred tax asset	10	-	479,501
Intangible assets	12	5,498,774	5,175,983
		<b>1,702,140,705</b>	<b>1,724,627,073</b>
<b>Current assets</b>			
Debtors	13	125,761,113	99,037,813
Cash at bank and in hand		18,349,692	4,805
Derivative financial assets	16	63,844	438,376
		<b>144,174,649</b>	<b>99,480,994</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	14	(443,948,073)	(488,180,293)
Overdrafts		(80,744,000)	(28,571,283)
Derivative financial liabilities	16	(860,300)	(150,279)
		<b>(525,552,373)</b>	<b>(516,901,855)</b>
<b>Total assets less current liabilities</b>		<b>1,320,762,981</b>	<b>1,307,206,212</b>
Creditors: amounts falling due after more than one year	15	(547,608,051)	(527,304,437)
<b>Net assets</b>		<b>773,154,930</b>	<b>779,901,775</b>
<b>Shareholder's funds</b>			
Called up share capital	17	50,000	50,000
Profit and loss account	18	773,104,930	779,851,775
<b>Shareholder's funds</b>		<b>773,154,930</b>	<b>779,901,775</b>

These financial statements were approved by the Board of Directors on 8 March 2019  
and were signed on its behalf by:



**G M Evans**  
**Director**  
**Registered number: 902253**

The notes on pages 11 to 22 form part of these financial statements

## Statement of changes in equity for the year ended 31 December 2018

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2018	50,000	779,851,775	779,901,775
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(6,746,845)	(6,746,845)
<b>Total comprehensive income for the year</b>	-	(6,746,845)	(6,746,845)
<b>Balance at 31 December 2018</b>	<b>50,000</b>	<b>773,104,930</b>	<b>773,154,930</b>

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2017	50,000	786,305,009	796,335,009
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(6,453,234)	(6,453,234)
<b>Total comprehensive income for the year</b>	-	(6,453,234)	(6,453,234)
<b>Balance at 31 December 2017</b>	<b>50,000</b>	<b>779,851,775</b>	<b>779,901,775</b>

The notes on pages 11 to 22 form part of these financial statements

## **Notes to the financial statements for the year ended 31 December 2018**

### **1. Accounting policies**

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.

The financial statements have been prepared in accordance with FRS 101 on a going concern basis.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRSs as adopted by the EU, but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

The financial statements are presented in sterling, which is also the Company's functional currency.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- comparative period reconciliations for investments;
- disclosures in respect of transactions with wholly owned subsidiaries within the consolidated group;
- disclosures in respect of capital management; and
- the effects of new but not yet effective IFRSs.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

As the consolidated financial statements of Bupa include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

## **Notes to the financial statements (continued)**

### **for the year ended 31 December 2018**

#### **(b) 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, the financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £381m (2017: £417m).

The Company meets its day to day capital requirements through loan facilities provided by Bupa Finance plc and short term liquidity arrangements to and from Group companies.

#### **(c) 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.

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

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences for the translation of foreign operations, which are recognised in equity.

#### **(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.

#### **(f) Financial instruments**

The Company has adopted IFRS 9 Financial Instruments with a date of initial application of 1 January 2018. The Company did not early adopt any of IFRS 9 in previous periods.

As the Company is a wholly owned subsidiary undertaking of Bupa, a company that prepares consolidated accounts that apply IFRS 7 (Financial Instruments: Disclosures), the Company is exempt from producing the disclosures in accordance with FRS 101.

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

##### *Cash at bank and in hand*

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

##### *Interest bearing loans and borrowings*

Interest-bearing loans borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## **Notes to the financial statements (continued)**

### **for the year ended 31 December 2018**

#### **(f) Financial instruments (continued)**

##### **Non-derivative financial instruments (continued)**

###### *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are measured at cost less any provisions for impairment.

###### *Intercompany loans*

Intercompany loan investments are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest rate method less any provision for impairment.

A provision for impairment 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.

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

The carrying amounts of assets are reviewed at least annually. Where there is an indication that an impairment loss has decreased, any accumulated provision for impairment is reversed to reflect the carrying amount at the recoverable amount limited to the cost of the investment.

###### *Other financial investments*

Financial investments designated at fair value through profit and loss consist of investments or instruments where management makes decisions based upon their fair value.

The investments are carried at fair value, with gains and losses arising from changes in this value recognised in the Profit and Loss Account in the period in which they arise.

##### **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 therein are recognised immediately in the profit and loss account.

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

The taxation expense on the profit for the year comprises current and deferred taxation. Income taxation is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in the statement of comprehensive income.

Current taxation is the expected taxation payable on the taxable profit for the year, using taxation rates enacted or substantively enacted at the balance sheet date, and any adjustments to taxation payable in respect of previous years. Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The amount of deferred taxation recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation rates enacted or substantively enacted at the balance sheet date.

## **Notes to the financial statements (continued)**

### **for the year ended 31 December 2018**

#### **(g) Taxation and deferred taxation (continued)**

Deferred taxation is recognised on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

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

#### **(h) 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.

#### **(i) Intangibles**

Intangibles are stated at cost less accumulated amortisation and impairment. Amortisation is charged to the income statement on a straight line basis. Intangibles are reviewed for impairment annually.

## **2. 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, with its registered office at 1 Angel Court, London, EC2R 7HJ.

The ultimate parent undertaking of the Company, and the largest group into which these financial statements are consolidated, is The British United Provident Association Limited, with its registered office at 1 Angel Court, London, EC2R 7HJ.

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

## Notes to the financial statements (continued)

### for the year ended 31 December 2018

#### 3. 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.

	2018 £	2017 £
Emoluments	115,268	130,353
Company contributions to defined contribution pension scheme	500	606
Amounts receivable under long-term incentive schemes	9,764	24,378
	<b>125,532</b>	<b>155,337</b>

During the year there was one director who was a member of a Bupa defined contribution scheme (2017: one) and one who was a member of a Bupa defined benefit pension scheme (2017: one).

#### 4. Income from investment activities

	2018 £	2017 £
Interest receivable from loans to Group undertakings	18,564,795	15,971,744
Other interest from investment activities	-	204,018
Investment management income	54,889	54,046
Service fee income	33,406	-
	<b>18,653,090</b>	<b>16,229,808</b>

#### 5. Interest payable and similar expenses

	2018 £	2017 £
Interest payable on loans from Group undertakings	10,753,639	9,638,690
Bank charges and overdrafts	115,827	230,482
Other interest payable	972	-
Interest payable on investment activities	317,454	-
Net Foreign Exchange losses / (gains)	1,054,588	(621,270)
	<b>12,242,480</b>	<b>9,247,902</b>

#### 6. Provision for impairments against investments in subsidiaries

	2018 £	2017 £
Bupa International Markets Limited	3,893,255	4,011,229
Bupa Occupational Health Limited	4,826,021	6,690,728
Other subsidiaries	-	2,294
	<b>8,719,276</b>	<b>10,704,251</b>

## Notes to the financial statements (continued)

### for the year ended 31 December 2018

#### 7. Administrative expenses

	2018 £	2017 £
Audit fee	74,147	56,636
Amortisation of Intangible Assets	1,193,377	-
Subscription fees	2,557,235	-
Other treasury costs	144,955	311,455
	<b>3,969,714</b>	<b>368,091</b>

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 auditor, KPMG LLP, 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.

In 2018 the Company began to amortise the intangible asset relating to a license agreement entered into with HealthTap Inc. This agreement allows for access to the HealthTap Inc. platform for a period of 5 years. At balance sheet date the license agreement had 4 years remaining.

Subscription fees relate to a prepaid 1 year subscription with HealthTap Inc that is based on the number of active users that have access to the platform, this will be revised and renewed in 2019.

#### 8. Other interest receivable and similar income

	2018 £	2017 £
Interest receivable on bank balances	1,013,851	1,228,276
	<b>1,013,851</b>	<b>1,228,276</b>

#### 9. Tax on loss

##### (i) Recognised in the profit and loss account

	2018 £	2017 £
<b>Current taxation (income) / expense</b>		
UK taxation on losses / (profits) for the year	987,947	1,512,232
Adjustment in respect of prior years	14,868	(845)
Total current tax	<b>1,002,815</b>	<b>1,511,387</b>
<b>Deferred taxation expense</b>		
Origination and reversal of timing differences	-	2,013,291
Changes in taxation rates	-	-
Adjustments in respect of prior periods	479,501	66,396
Total deferred tax	<b>479,501</b>	<b>2,079,687</b>
<b>Total tax on loss</b>	<b>1,482,316</b>	<b>3,591,074</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2018

### 9. Tax on loss (continued)

#### (ii) Reconciliation of effective tax rate

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:

	2018 £	2017 £
<b>Loss before taxation expense</b>	<b>(5,264,529)</b>	<b>(2,862,160)</b>
Tax on loss on ordinary activities at the domestic UK corporation tax rate of 19% (2017: 19.25%)	(1,000,261)	(550,966)
Effects of:		
Non-deductible expenses	1,988,208	2,173,596
Non-taxable income	-	(110,399)
Current income taxation adjustments in respect of prior periods	14,868	(846)
Deferred taxation adjustments in respect of prior periods	479,501	66,396
Changes in taxation rates	-	(66,394)
Capital losses utilised	-	2,079,687
<b>Total current tax expense/(credit) for year</b>	<b>1,482,316</b>	<b>3,591,074</b>

### 10. Deferred tax assets and liabilities

#### (i) Deferred tax assets and liabilities are attributable to the following:

	Assets 2018 £	2017 £	Liabilities 2018 £	2017 £	Net 2018 £	2017 £
Provisions	-	-	-	-	-	-
Tax value of loss carry-forwards	-	479,501	-	-	-	479,501
<b>Net deferred tax assets / (liabilities)</b>	<b>-</b>	<b>479,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>479,501</b>

As at 31 December 2018, the Company had deductible temporary differences relating to capital losses of £4,629,047 (2017: £4,629,047) for which no deferred taxation asset was recognised due to uncertainty of utilisation of those temporary differences.

#### (ii) Movement in deferred tax during the year

	1 January 2018 £	Recognised in income £	Recognised in equity £	31 December 2018 £
Tax value of loss carry-forwards utilised	479,501	(479,501)	-	-
<b>Net deferred tax asset / (liabilities)</b>	<b>479,501</b>	<b>(479,501)</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2018

### 10. Deferred tax assets and liabilities (continued)

#### (iii) Movement in deferred tax during the prior year

	1 January 2017 £	Recognised in income £	Recognise d in equity £	31 December 2017 £
Provisions	-	-	-	-
Tax value of loss carry-forwards utilised	2,559,188	(2,079,687)	-	479,501
<b>Net deferred tax assets / (liabilities)</b>	<b>2,559,188</b>	<b>(2,079,687)</b>	<b>-</b>	<b>479,501</b>

### 11. Investments

	Subsidiary undertakings £	Loans to Group undertakings £	Other financial investments £	Total £
<b>Cost at 1 January 2018</b>	<b>1,380,974,065</b>	<b>1,362,495,528</b>	<b>19,551,293</b>	<b>2,763,020,886</b>
Additions	3,280,919	16,915,716	1,306,435	21,503,070
Disposals / Repayments	-	(36,354,030)	-	(36,354,030)
Foreign exchange gain	-	-	1,240,578	1,240,578
<b>Cost at 31 December 2018</b>	<b>1,384,254,984</b>	<b>1,343,057,214</b>	<b>22,098,306</b>	<b>2,749,410,504</b>
<b>Provisions at 1 January 2018</b>	<b>(1,044,049,297)</b>	<b>-</b>	<b>-</b>	<b>(1,044,049,297)</b>
Provisions for impairment	(8,719,276)	-	-	(8,719,276)
<b>Provisions at 31 December 2018</b>	<b>(1,052,768,573)</b>	<b>-</b>	<b>-</b>	<b>(1,052,768,573)</b>
<b>Net book value</b>				
<b>At 1 January 2018</b>	<b>336,924,768</b>	<b>1,362,495,528</b>	<b>19,551,293</b>	<b>1,718,971,589</b>
<b>At 31 December 2018</b>	<b>331,486,411</b>	<b>1,343,057,214</b>	<b>22,098,306</b>	<b>1,696,641,931</b>

During the year the Company decreased its loans to Group undertakings by £19m (2017: £16m increase). This is due to a £36m loan from Medical Services International Limited maturing during the year which was offset by a £17m loan increase to Bupa Finance Plc.

The Company invested £1m (USD 2m) in other financial investments in 2018. £1m relates to committed capital calls in Blue Cross Blue Shield Venture Partners III, LLC and the remaining relates to investments in Ziegler Link-Age Fund II, L.P.

In 2018 the Company made a capital injection of £3m to Amedex Insurance Company (Bermuda) Limited.

## Notes to the financial statements (continued)

for the year ended 31 December 2018

### 12. Intangible Assets

	2018	2017
	£	£
At beginning of year	5,175,983	-
Additions	1,516,168	5,175,983
Amortisation	(1,193,377)	-
At end of year	5,498,774	5,175,983

Intangible assets of £5m relate to licence costs attributable to an agreement entered into with HealthTap Inc. in December 2017. The licence fee will be amortised over the 5 year licence period and currently has 4 years remaining. The asset was not available for use in 2017 and thus no amortisation was charged. The Company paid £2m in further subscription costs at the start of the year.

### 13. Debtors

Amounts falling due within one year:

	2018	2017
	£	£
Amounts owed by Group undertakings	124,814,702	97,993,298
Withholding tax receivable	27,338	27,338
Other debtors	919,073	1,017,177
	125,761,113	99,037,813

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

	2018	2017
	£	£
Accruals and deferred income	56,636	56,636
Corporation tax	44,722,279	45,843,870
Amounts owed to Group undertakings	398,808,503	437,103,804
Other creditors	360,655	5,175,983
	443,948,073	488,180,293

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

	2018	2017
	£	£
Amounts owed to Group undertakings	547,608,051	527,304,437
	547,608,051	527,304,437

## Notes to the financial statements (continued)

### for the year ended 31 December 2018

#### 16. Derivative financial instruments

All derivative financial instruments are held at fair value through profit or loss, and therefore the carrying value is equal to the fair value.

	2018	2017
	£	£
Derivative financial assets	63,844	438,376
Derivative financial liabilities	(860,300)	(150,279)
	<b>(796,456)</b>	<b>288,097</b>

#### Valuation techniques and assumptions applied for the purposes of measuring fair value

Fair value is a market-based measurement for assets for observable market transactions where market information might be available. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the asset would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset).

Fair values disclosed in the table above have been calculated as follows:

Derivatives that have been purchased or issued as part of a hedge that subsequently does not qualify for hedge accounting are accounted for at fair value through profit and loss.

Derivative financial instruments are initially recognised and subsequently measured at fair value.

Fair values are obtained from market observable pricing information including interest rate yield curves. The value of foreign exchange forward contracts and swaps is established using listed market prices.

## Notes to the financial statements (continued)

for the year ended 31 December 2018

### 17. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid 50,000 ordinary shares of £1 each	50,000	50,000

### 18. Profit and loss account

	2018 £	2017 £
At beginning of year	779,851,775	786,305,009
Loss for the year	(6,746,845)	(6,453,234)
At end of year	773,104,930	779,851,775

### 19. 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 Bupa Group companies.

#### (ii) Guarantees

The Company has given a guarantee to other Group undertakings, as part of the Group cash pooling arrangements. The cash pooling was in a net asset position at the end of 2018.

### 20. Subsequent events

On 17 January 2019 the Company issued 136,229,208 £1 Ordinary shares at par.

## Notes to the financial statements (continued)

### for the year ended 31 December 2018

#### 21. Related undertakings

In compliance with Section 409 of the Companies Act 2006, disclosed below is a list of related undertakings of the Company as at 31 December 2018, comprising subsidiaries, joint ventures, associated undertakings and other significant holdings, together with the country of incorporation, registered office address, each share class held directly or indirectly by the Company and the proportion of the nominal value of the shares of that class represented by those shares.

##### (i) Wholly owned related undertakings

Unless otherwise stated, the related undertakings listed below are wholly owned by the Company with 100% of the nominal value of each share class held indirectly by the Company.

Name of undertaking	Share class	Name of undertaking	Share class
<b>1 Angel Court, London, EC2R 7HJ, UK</b>		K R Postlethwaite Ltd	Ordinary
Andrew Greenwood Ltd	Ordinary	Lab 53 Limited	Ordinary
Aqua Dental Spa Limited	Ordinary	Occupational Health Care Limited	Ordinary, Redeemable Preference
Bupa Dental Services Limited	Ordinary	Paul Coulthard Ltd	Ordinary
Bupa Europe Limited <sup>1</sup>	Ordinary	Perlan Limited	Ordinary
Bupa Health at Work Limited	Ordinary	Personal Effectiveness Centre Limited	Ordinary
Bupa International Markets Limited <sup>1</sup>	Ordinary	Stephen E B Jones Ltd	Ordinary
Bupa Limited <sup>1</sup>	Ordinary	Store Dental Care Limited	Ordinary
Bupa Occupational Health Limited <sup>1</sup>	Ordinary	The Smile Centres Limited	Ordinary
Bupa Secretaries Limited <sup>1</sup>	Ordinary	Ultimate Smile Spa Ltd	Ordinary
Bupa Trustees Limited <sup>1</sup>	Ordinary		
Calverguild Limited <sup>1</sup>	Ordinary	<b>IFC 5, St Helier, JE1 1ST, Jersey</b>	
Cranbrook Dental Practice Limited	Ordinary	Bupa Holdings (Jersey) Limited <sup>1</sup>	Ordinary
David Row Limited	Ordinary		
Ebbgate Nursing Homes (London) Limited <sup>1</sup>	Ordinary	<b>5-9 Main Street, Gibraltar</b>	
Ebbgate Nursing Homes Limited <sup>1</sup>	Ordinary	Bupa Malta Investments No. 1 Limited <sup>1</sup>	Ordinary
In Store Dental Limited	Ordinary	Bupa Malta Investments No. 2 Limited <sup>1</sup>	Ordinary

##### (ii) Other related undertakings

The related undertakings listed below are not wholly owned by the Company. The proportion of the nominal value of each share class held indirectly by the Company is shown below, unless otherwise stated.

Name of undertaking	Share class	Actual % held
<b>18/F Berkshire House, 25 Westlands Road, Quarry Bay, Hong Kong</b>		
Bupa (Asia) Limited <sup>2</sup>	Ordinary	100.00
Bupa International Limited <sup>1</sup>	Ordinary	99.99
Bupa Limited	Ordinary	100.00

<sup>1</sup> Held directly by the Company

<sup>2</sup> 30% held directly by the Company

## Notes to the financial statements (continued)

for the year ended 31 December 2018

### 21. Related undertakings (continued)

#### (ii) Other related undertakings (continued)

Name of undertaking	Share class	Actual % held
<b>3rd Floor, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong</b>		
Alpha Medical MRI (TST) Limited	Ordinary	65.00
Central Medical Diagnostic Centre Limited	Ordinary	74.49
Central MRI Centre Limited	Ordinary	100.00
Central PET/CT Scan Centre Limited	Ordinary	100.00
Allied Medical Practices Guild Limited	Ordinary	100.00
Case Specialist Limited	Ordinary	100.00
DB Health Services Limited	Ordinary	100.00
Great Option Limited	Ordinary	100.00
Jadeast Limited	Ordinary	100.00
Jadefairs International Limited	Ordinary	100.00
Jadison Investment Limited	Ordinary	100.00
Jadway International Limited	Ordinary	100.00
Marvellous Way Limited	Ordinary	100.00
Megafaith International Limited	Ordinary	100.00
Quality HealthCare Dental Services Limited	Ordinary	100.00
Quality HealthCare Medical Centre Limited	Ordinary	100.00
Quality HealthCare Medical Services Limited	Ordinary	100.00
Quality HealthCare Nursing Agency Limited	Ordinary	100.00
Quality HealthCare Physiotherapy Services Limited	Ordinary	100.00
Quality HealthCare Professional Services Limited	Ordinary	100.00
Quality HealthCare Psychological Services Limited	Ordinary	100.00
<b>Crawford House, 4th Floor, 50 Cedar Avenue, Hamilton, HM11, Bermuda</b>		
Amedex Insurance Company (Bermuda) Limited <sup>3</sup>	Ordinary	70.00
<b>Prince Sultan St, Al Mohammadiyah Dist., PO Box 260, Jeddah, 21411, Saudi Arabia</b>		
Nazer Bupa Medical Equipment Company Limited	Ordinary	50.00
<b>Room 07-08, 3rd floor, Building 1, 21st Century Plaza, 40A Liangmaqiao Road, Chaoyang District, Beijing, 100125, China</b>		
Bupa Consulting (Beijing) Co. Ltd.	Ordinary	100.00
<b>Room 901B-03A, 9th Floor, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong</b>		
Quality Healthcare TPA Services Limited	Ordinary	100.00
<b>Rua De Xangai No. 175 Edif., Associacao Comercial De Macau, 11 Andar, K, Macau</b>		
Quality EAP (Macau) Limited	Ordinary	100.00
Quality Healthcare Medical Services (Macau) Limited	Ordinary	100.00
<b>Unit 03, 13/F, No.604 RenMin North Road, Yuexiu District, Guangzhou, China</b>		
Guangzhou Bupa Hospital Management Company Limited	Ordinary	100.00
<b>Unit 305A -305, 3/F, GT Land Autumn Plaza, No.11, 13 ZhuJiang East Road, ZhuJiang New Town, Tianhe District, Guangdong Province, China</b>		
Guangzhou Bupa Quality HealthCare General Outpatient Department Company Limited	Ordinary	100.00
<b>Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands</b>		
Altai Investments Limited	Ordinary	100.00
Berkshire Group Limited	Ordinary	100.00
Dynamic People Group Limited	Ordinary	100.00

<sup>3</sup> Held directly by the Company