

BUPA TREASURY LIMITED

(Registered No. 1419145)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

THURSDAY



L699Q9U2

LD4

14/05/2009

44

COMPANIES HOUSE

BUPA TREASURY LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 December 2008**

The directors present their directors' report and the audited financial statements for the year ended 31 December 2008.

1. Principal activities

The principal activity for the Company for the year was that of an investment holding Company.

2. Business review

The results for the company show a profit of £3.9m (2007: £8.5m) for the year and turnover of £5.6m (2007: £25.0m). The company has net assets of £92.4m (2007: £88.5m).

Since 2004 the Company held a deferred consideration asset due from Grupo Bupa Sanitas S.L.. This asset amounted to £612.7m at the beginning of 2007 and generated income of £12.8m during 2007. This asset was realised in July 2007 and has led to the decrease in investment income. The Company also had an intercompany loan liability with Bupa Europe Finance No 2 of £612.6m and utilised the cash from the deferred consideration to repay the loan in July 2007, leading to a decrease in interest payable in 2008.

During the year the company continued to trade as an investment company. The external commercial environment is expected to remain competitive in 2009. The company's management and its strategy are subject to a number of uncertainties and risks. These risks and uncertainties include interest rate and/or 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 and are reviewed on a regular basis in line with Group policies.

The Directors do not consider the use of KPIs necessary to provide an understanding of the development, performance or position of the business.

3. International Financial Reporting Standards

The ultimate parent undertaking has prepared Group accounts in accordance with International Financial Reporting Standards (IFRS). The Company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

4. Proposed Dividend

The directors do not recommend the payment of a dividend (2007: nil).

5. Directors

The names of persons who were directors at any time during the year are as follows:

N T Beazley	
J P Davies	(resigned 23/05/2008)
G M Evans	(appointed 07/08/2008)
F D Gregory	
M R Hampton	(resigned 07/08/2008)
R King	(resigned 15/05/2008)
M A Merchant	(appointed 23/05/2008)

6. The 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 or any of its subsidiaries.

BUPA TREASURY LIMITED
REPORT OF THE DIRECTORS
for the year ended 31 December 2008 - continued

7. 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.

8. Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office:

By Order of the Board

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

20 March 2009



For and on behalf of
Bupa Secretaries Limited
Secretary

BUPA TREASURY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 those 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

BUPA TREASURY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA TREASURY LIMITED

We have audited the financial statements of Bupa Treasury Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

In addition, we also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions with the Company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

BUPA TREASURY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA TREASURY LIMITED

- continued

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at the 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
20 March 2009

8 Salisbury Square
London EC4Y 8BB

BUPA TREASURY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 December 2008

	<i>Note</i>	2008 £	2007 £
Income from investment activities	4	5,617,388	24,974,955
Interest payable and similar charges	5	(172,592)	(20,652,036)
Operating expenses		<u>-</u>	<u>(161,434)</u>
Profit on ordinary activities before taxation		5,444,796	4,161,485
Tax credit/(charge) on profit on ordinary activities	7	(1,551,618)	4,298,239
Profit for the financial year		<u><u>3,893,178</u></u>	<u><u>8,459,724</u></u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses in the current or preceding financial year other than the profits shown above.

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

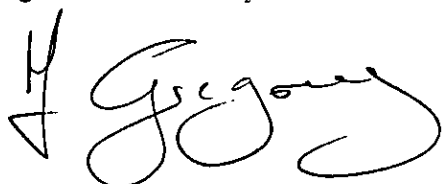
The accounting policies and notes on pages 9 to 13 form part of these financial statements.

BUPA TREASURY LIMITED**BALANCE SHEET**

as at 31 December 2008

	<i>Note</i>	2008 £	2007 £
Fixed assets			
Investments	8	14,842,280	14,000,123
Current assets			
Debtors: amounts falling due within one year	9	81,323,459	76,506,248
Cash at bank and in hand		652,303	694,305
Creditors: amounts falling due within one year	10	<u>(4,448,757)</u>	<u>(2,724,569)</u>
Net current assets		77,527,006	74,475,984
Total assets less current liabilities		<u>92,369,285</u>	<u>88,476,107</u>
Net assets		<u>92,369,285</u>	<u>88,476,107</u>
Capital and reserves			
Called up share capital	11	71,223,099	71,223,099
Profit and loss account	12	21,146,186	17,253,008
Equity shareholders' funds		<u>92,369,285</u>	<u>88,476,107</u>

These financial statements were approved by the Board of Directors on 20 March 2009 and were signed on its behalf by



F D Gregory

Director

The accounting policies and notes on pages 9 to 13 form part of these financial statements.

BUPA TREASURY LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****for the year ended 31 December 2008**

	2008 £	2007 £
Profit for the financial year	3,893,178	8,459,724
Issue of ordinary shares (13,623,099 shares at £1 each)	-	13,623,099
Net addition to shareholders' funds	3,893,178	22,082,823
Opening shareholders' funds	88,476,107	66,393,284
Closing shareholders' funds	<u>92,369,285</u>	<u>88,476,107</u>

BUPA TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except where stated below.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting convention.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of the British United Provident Association Limited ('Bupa'), the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Bupa, within which this Company is included, can be obtained from the address given in note 2.

(b) 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.

(c) Investments

Investments are included at cost less any provision for diminution in value.

(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 rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

(e) Cash and liquid resources

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

(f) Interest bearing borrowings

Immediately after issue, debt is stated at the 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.

BUPA TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

1. STATEMENT OF ACCOUNTING POLICIES - continued

(g) Taxation including deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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 :

- (i) Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- (ii) 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.

Claims of trading losses surrendered from other Group subsidiary undertakings are made on a full payment basis.

2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of Bupa Treasury Limited is Bupa Investments Limited, a company registered in England and Wales. The ultimate parent undertaking of Bupa Treasury Limited is The British United Provident Association Limited (Bupa), a company registered in England and Wales.

The smallest group in which the results of the Company are consolidated is that headed by Bupa Finance plc. The largest group in which the results of the Company are consolidated is that headed by Bupa. The consolidated financial statements of Bupa are available to the public and may be obtained from the Registrar of Companies, Cardiff, CF14 3UZ.

BUPA TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

3. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) Employees

The Company had no employees during the year (2007 : nil) and consequently incurred no staff costs.

(b) Directors' remuneration

No remuneration was paid to any of the directors for the year (2007 : £nil)

4. INCOME FROM INVESTMENT ACTIVITIES

	2008	2007
	£	£
Interest receivable from Group undertakings	5,604,455	11,996,784
Exchange gain	12,933	230,267
Recognition of deferred consideration	-	12,747,904
	<u>5,617,388</u>	<u>24,974,955</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable to Group undertakings	172,570	20,652,018
Other interest payable	22	18
	<u>172,592</u>	<u>20,652,036</u>

6. AUDITORS' REMUNERATION

	2008	2007
	£	£
Fees for the audit of the Company	<u>1,972</u>	<u>2,711</u>

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, are required to disclose non-audit fees on a consolidated basis.

BUPA TREASURY LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 - continued

7. TAX (CREDIT)/CHARGE ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge

	2008	2007
	£	£
Current tax		
UK corporation tax on profits for the year	1,551,618	1,248,445
Adjustments in respect of prior periods		(5,546,684)
Tax charge/(credit) on profit on ordinary activities	<u>1,551,618</u>	<u>(4,298,239)</u>

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

The tax assessed for the year is lower (2007 : higher) than the standard rate of corporation tax in the UK of 28.5% (2007: 30%). The differences are explained below:

	2008	2007
	£	£
Profit on ordinary activities before tax	<u>5,444,796</u>	<u>4,161,485</u>
Tax charge on profit on ordinary activities at 28.5% (2007: 30%)	1,551,618	1,248,445
Effects of:		
Adjustments to tax credit in respect of prior periods	-	(5,546,684)
Total current tax charge/(credit) for the year	<u>1,551,618</u>	<u>(4,298,239)</u>

8. INVESTMENTS

	2008	2007
	£	£
Investments in group undertakings	803	803
Loans to group undertakings	<u>14,841,477</u>	<u>13,999,320</u>
	<u>14,842,280</u>	<u>14,000,123</u>

	Holding	Class of share	Place of Incorporation
Bupa Egypt Insurance S.A.E.	0.05%	Ordinary	Egypt

Bupa Egypt Insurance S.A.E.'s principal activity is to provide insurance contracts for customers based in the Middle East.

9. DEBTORS

Amounts falling due within one year:

	2008	2007
	£	£
Amounts owed by Group undertakings	<u>81,323,459</u>	<u>76,506,248</u>
	<u>81,323,459</u>	<u>76,506,248</u>

BUPA TREASURY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 31 December 2008 - continued**10. CREDITORS**

Amounts falling due within one year:	2008	2007
	£	£
Amounts owed to Group undertakings	4,448,757	2,724,569
	<u>4,448,757</u>	<u>2,724,569</u>

11. SHARE CAPITAL

	2008	2007
Authorised, allotted, called-up and fully paid ordinary shares of £1 each	£	£
Opening balance	71,223,099	57,600,000
Issued during the year	-	13,623,099
Closing balance	<u>71,223,099</u>	<u>71,223,099</u>

12. RESERVES

	Profit and Loss
	£
At the beginning of the year	17,253,008
Profit for the year	3,893,178
At the end of the year	<u>21,146,186</u>

13. GUARANTEES & OTHER FINANCIAL COMMITMENTS

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

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