

BUPA TREASURY LIMITED

(Registered number 1419145)

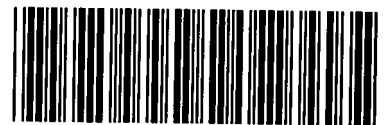
Directors' report and financial statements
for the year ended

31 December 2013

Registered office:

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

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Strategic report

The Directors consider the performance of Bupa Treasury Limited (the Company) during the year to be satisfactory.

Results

The profit for the year, before taxation, amounted to £20.1m (2012: £0.7m loss). The Company has net assets of £995.4m (2012: £861.4m).

During February 2013, 201.6m redeemable preference shares of AUD\$1 each, were issued to Bupa Investments Limited. On 1 October 2013, the preference shares were cancelled resulting in an increase in distributable reserves of £116.9m and a net foreign exchange gain of £16.1m.

The Company purchased discounted convertible loan notes ("the Notes") from Bupa Treasury Investments Limited Partnership on 9 November 2011 for the principal value of £400m. The Notes expired on 9 November 2013. Upon expiry, the Company exercised its option to convert the Notes to the cash equivalent of the principal value of which the full amount was repaid.

Intercompany loans to Group undertakings increased by £536.8m resulting in increased interest receivable from Group undertakings of £5.4m (2012: £0.2m).

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 Bupa Group companies. Management believes 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 Bupa Group's business risks and risk management processes are set out in the ultimate parent company's annual report. The Bupa Group consists of The British United Provident Association Limited (Bupa) and its subsidiaries and holding companies or subsidiaries of such holding companies. No formal KPIs 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:

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

By Order of the Board



9 June 2014

For and on behalf of
Bupa Secretaries Limited
Secretary

Directors' Report

for the year ended 31 December 2013

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2013.

Principal activity

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

Dividends

During the year, the Company declared and paid dividends of £nil (2012: £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.

Although the Company is in a net current liability position at the year end the Company has sufficient access to a long-term loan facility with a Group company, Bupa Investments Holdings Limited to meet any additional funding requirements to cover its current liabilities as they fall due. At year end €79.0m of the €100m facility was drawn. Accordingly, the directors 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.

International Financial Reporting Standards

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

Directors

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

E B Bourke (Appointed 6 May 2014)
T M Heggie (Appointed 6 May 2014)
P R Newton (Appointed 6 May 2014)
N T Beazley (died 19 May 2013)
G M Evans (resigned 6 May 2014)
S M Los (resigned 6 May 2014)
M A Merchant (resigned 6 May 2014)
C A Richardson (resigned 6 May 2014)

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.

Directors' Report (continued)

for the year ended 31 December 2013

Political contributions

The Company made no political donations nor incurred any political expenditure during the year (2012: £nil).

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.

Auditor

Our auditor, KPMG Audit plc has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning their appointment will be proposed to the shareholders of the Company.

Registered office:

By Order of the Board

Bupa House
15 – 19 Bloomsbury Way
London
WC1A 2BA



9 June 2014

**For and on behalf of
Bupa Secretaries Limited
Secretary**

Directors' responsibilities statement for the year ended 31 December 2013

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 (UK Generally Accepted Accounting Practice) and applicable law.

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 Treasury Limited

We have audited the financial statements of Bupa Treasury Limited for the year ended 31 December 2013 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is the 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 statement of Directors' Responsibilities 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 the applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

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 2013 and of its profit 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

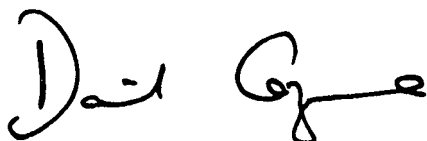
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Bupa Treasury 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.



Daniel Cazeaux (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

9 June 2014

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Income from investment activities	3	21,152,253	150,055
Interest payable and similar charges	4	(1,031,092)	(845,036)
Profit/(loss) on ordinary activities before taxation		20,121,161	(694,981)
Tax on profit/ (loss) on ordinary activities	6	(3,061,263)	(3,145,372)
Profit/(loss) for the year		17,059,898	(3,840,353)

The operating profit/(loss) is all derived from continuing operations.

There were no recognised gains and losses other than the profit 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 15 form part of these financial statements.

Balance sheet as at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Investments	7	1,064,525,596	927,719,804
		1,064,525,596	927,719,804
Current Assets			
Debtors			
- due within one year	8	303,537	-
		303,537	-
Creditors: amounts falling due within one year	9	(3,747,737)	(537,290)
Net current liabilities		(3,444,200)	(537,290)
Total assets less current liabilities		1,061,081,396	927,182,514
Creditors: amounts falling due after more than one year	10	(65,727,005)	(65,784,693)
Net assets		995,354,391	861,397,821
Shareholder's funds			
Called up share capital	11	865,786,151	865,786,151
Profit and loss account	12	129,568,240	(4,388,330)
Shareholder's funds		995,354,391	861,397,821

These financial statements were approved by the Board of Directors on 9 June 2014 and were signed on its behalf by:



E B Bourke
Director

Registered number: 1419145

The accounting policies and notes on pages 10 to 15 form part of these financial statements.

Reconciliation of movement in shareholder's funds for the year ended 31 December 2013

	Note	2013 £	2012 £
Profit/(loss) for the year		17,059,898	(3,840,353)
Capital reduction	12	116,896,672	-
Net increase/(decrease)/ in shareholder's funds		133,956,570	(3,840,353)
Opening shareholder's funds		861,397,821	865,238,174
Closing shareholder's funds		995,354,391	861,397,821

The accounting policies and notes on pages 10 to 15 form part of these financial statements.

Accounting policies for the year ended 31 December 2013

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) 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.

(c) 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.

(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 year ended 31 December 2013

(f) Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

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.

(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 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 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 2013

1. Immediate and ultimate parent company

The immediate parent undertaking of the Company is Bupa Investments Limited, 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 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 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

	2013 £	2012 £
Net foreign exchange gain	15,718,264	-
Interest receivable from Group undertakings	5,433,989	150,055
	21,152,253	150,055

4. Interest payable and similar charges

	2013 £	2012 £
Net foreign exchange loss	-	711,593
Interest payable to group companies	1,021,227	133,443
Other interest payable	9,865	-
	1,031,092	845,036

Notes to the financial statements (continued) for the year ended 31 December 2013

5. Auditor's remuneration

	2013 £	2012 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	2,800	3,100

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. Tax on loss on ordinary activities

(i) Analysis of tax charge in the year

	2013 £	2012 £
Current tax		
UK corporation tax on profit/ (loss) for the year	3,030,703	3,145,372
	3,030,703	3,145,372
Adjustments in respect of prior periods	30,560	-
Total current tax	3,061,263	3,145,372
Total tax on profit /(loss) on ordinary activities	3,061,263	3,145,372

(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 profit before tax are as follows:

	2013 £	2012 £
Profit/ (Loss) on ordinary activities before taxation	20,121,161	(694,980)
Tax on profit /(loss) on ordinary activities at standard UK corporation tax rate of 23.25% (2012: 24.5%)	4,677,481	(170,251)
Effects of:		
Profits apportioned from partnership	4,603,438	3,315,623
Non taxable income	(6,250,216)	-
Adjustments to tax charge/(credit) in respect of prior periods	30,560	-
Total current tax charge for year	3,061,263	3,145,372

Notes to the financial statements (continued)

for the year ended 31 December 2013

7. Investments

	1 January 2013	Additions	Repayments	31 December 2013
	£	£	£	£
Subsidiary undertakings	465,787,564	-	-	465,787,564
Loans to Group undertakings	61,932,240	536,805,792	-	598,738,032
Discounted convertible loan notes	400,000,000	-	(400,000,000)	-
	927,719,804	536,805,792	(400,000,000)	1,064,525,596

On 9 November 2013, the discounted convertible loan notes ("the Notes") with a face value of £400m was due to expire. The Company, therefore, exercised its option to convert the Notes to the cash equivalent of the principal value of which the full amount was repaid.

Furthermore, interest bearing loans of €78.8m and £400m were issued to a Group company, Bupa Finance plc. The loans mature on 15 November 2021 and 8 November 2014, respectively.

The investment in subsidiary undertakings as at 31 December 2013 is held in:

	Holding (%)	Class of shares	Country of incorporation
Bupa Treasury Investments Limited Partnership	99	Ordinary partnership capital	United Kingdom
Bupa Egypt Insurance S.A.E	0.02	Ordinary shares	Egypt

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

8. Debtors – amounts falling due within one year

	2013	2012
	£	£
Amounts owed by Group undertakings	303,537	-

9. Creditors – amounts falling due within one year

	2013	2012
	£	£
Bank overdraft	2,168	1
Other creditors including taxation and social security	3,745,569	537,289
Creditors - amounts falling due within one year	3,747,737	537,290

Notes to the financial statements (continued)

for the year ended 31 December 2013

10. Creditors – amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to Group undertakings	65,727,005	65,784,693
	65,727,005	65,784,693

11. Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid 865,786,151 ordinary shares of £1 each	865,786,151	865,786,151
Shares classified in shareholder's funds	865,786,151	865,786,151

12. Reserves

	Profit and loss account 2013 £
At beginning of year	(4,388,330)
Profit for the year	17,059,898
Capital increase	116,896,672
At end of year	129,568,240

During February 2013, 201.6m redeemable preference shares of AUD\$1 each, were issued to Group undertaking, Bupa Investments Limited. On 1 October 2013, the preference shares were cancelled, increasing the distributable reserves of the Company by £116,896,672.

13. Contingent liabilities, guarantees 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 provided a guarantee and loan undertakings, as part of the Bupa Group banking arrangements, in respect of the overdraft of certain other Bupa Group undertakings.

14. Subsequent events

There were no subsequent events.