

Bupa Purchasing Limited

(Registered No. 1461499)

Directors' Report and Financial Statements

For the Year Ended 31 December 2008

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Bupa Purchasing 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 activity

The principal activity of the company was the procurement of goods and services on behalf of other Group companies. The operations of the company ceased on 31 May 2007.

2. Business review

On 31 May 2007 the company ceased to trade and sold its fixed assets, trading assets and liabilities (stock, trade debtors and trade creditors) to Bupa Hospitals Limited. The directors do not expect the company to trade in the coming year.

Following the cessation of trade, the company was purchased by BHS (Holdings) 2006 Limited, a Bupa Group company.

3. Results and dividends

The results of the company for the year show a pre-tax profit of £1,194,320 (2007: £978,613). No dividend is proposed for 2008 (2007: £7,389,223).

4. 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 May 2008
F D Gregory	
R King	Resigned 15 May 2008
M A Merchant	Appointed 23 May 2008
M A Ralf	

5. 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.

6. 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.

7. 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.

Bupa Purchasing Limited

**Report of the directors
for the year ended 31 December 2008 - continued**

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.

Registered Office :

Bupa House,
15-19 Bloomsbury Way,
London WC1A 2BA

13 March 2009

By Order of the Board



For and on behalf of
Bupa Secretaries Limited
Secretary

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 they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 Purchasing Limited

Independent auditors' report to the members of Bupa Purchasing Limited

We have audited the financial statements of Bupa Purchasing Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, Reconciliation of Movement 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 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 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.

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 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
Chartered Accountants
Registered Auditor
13 March 2009

8 Salisbury Square
London EC4Y 8BB

Bupa Purchasing Limited

**Profit and loss account
for the year ended 31 December 2008**

	<i>Note</i>	2008 £	2007 £
Turnover		93,702	14,101,937
Operating expenses		-	(15,622,136)
Operating profit/(loss)		93,702	(1,520,199)
Interest receivable and similar income	4	1,873,663	5,204,257
Interest payable and similar charges	5	(773,045)	(2,705,445)
Profit on ordinary activities before taxation	6	1,194,320	978,613
Tax on profit on ordinary activities	8	(331,899)	(466,310)
Profit on ordinary activities after taxation		862,421	512,303

The operating profit is all derived from discontinued operations.

There were no recognised gains or losses other than the profit for the financial year of £862,421 (2007: £512,303)

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 8 to 12 form part of these financial statements.

Bupa Purchasing Limited

Balance sheet as at 31 December 2008

	Note	2008 £	2007 £
Current assets			
Debtors: amounts falling due within one year	9	78	31,809
Debtors: amounts falling due after more than one year	9	31,623,386	29,784,358
		31,623,464	29,816,167
Cash at bank and in hand		32,208	-
		<u>31,655,672</u>	<u>29,816,167</u>
Creditors: amounts falling due within one year	10	(16,451,369)	(15,474,285)
Net current assets		<u>15,204,303</u>	<u>14,341,882</u>
Total assets less current liabilities		<u>15,204,303</u>	<u>14,341,882</u>
Net assets		<u>15,204,303</u>	<u>14,341,882</u>
Capital and reserves			
Called up share capital	12	625,625	625,625
Profit and loss account	13	14,578,678	13,716,257
Equity shareholders' funds		<u>15,204,303</u>	<u>14,341,882</u>

These financial statements were approved by the Board of Directors on 13 March 2009 and were signed on its behalf by



F D Gregory
Director

The accounting policies and notes on pages 8 to 12 form part of these financial statements.

Bupa Purchasing Limited**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2008**

	2008 £	2007 £
Profit for the financial year	862,421	512,303
Dividends paid	-	(7,389,223)
Net addition / (reduction) to shareholders' funds	862,421	(6,876,920)
Opening shareholders' funds	14,341,882	21,218,802
Closing equity shareholders' funds	<u>15,204,303</u>	<u>14,341,882</u>

Bupa Purchasing Limited

Notes to the financial statements for the year ended 31 December 2008

1. Accounting policies

Basis of preparation

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

All accounting policies have been applied consistently during the year.

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (Bupa), a company registered in England and Wales, which publishes consolidated accounts, the company has pursuant to paragraph 17 of Financial Reporting Standard No. 8: Related Party Disclosures (FRS 8) not included details of transactions with other Bupa group companies which are subsidiary undertakings of the Bupa group. There were no other related party transactions.

Cash flow statement

Under Financial Reporting Standard No 1: Cash flow statements (revised 1996) (FRS 1) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for the Bupa Group.

Accounting conventions

A summary of the more significant accounting policies, which have been applied consistently is set out below:

Turnover

Turnover represents the total amount earned by the company in the ordinary course of business with other group undertakings for goods supplied and services rendered after deducting trade discounts and value added tax, where applicable. All turnover arises within the United Kingdom.

Taxation including deferred taxation

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

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:

- Deferred tax assets are recognised only to the extent that 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 Group subsidiary undertakings are made on a full payment basis, except that no payment is made for the surrender of losses between companies within the subgroup headed by BHS Holdings (2006) Limited.

Bupa Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2008****2. Immediate and ultimate parent undertakings**

The immediate parent undertaking of Bupa Purchasing Limited is BHS (Holdings) 2006 Ltd, a company registered in England and Wales.

The ultimate parent undertaking and the largest group in which the results of the company are consolidated is that headed by The British United Provident Association Limited (Bupa), which is registered in England and Wales. The smallest group in which they are consolidated is that headed by Bupa Finance plc, which is registered in England and Wales. No other group financial statements include the results of the company. The consolidated financial statements of these groups are available to the public from The Registrar of Companies, Cardiff, CF14 3UZ.

3. Staff costs and directors' remuneration

The company had no employees during the year (2007: 16) and consequently incurred no staff costs and consequently no pension costs.

The aggregate payroll costs of these persons were as follows:

	2008 £	2007 £
Wages and salaries	-	295,242
Social security costs	-	23,715
Other pension costs	-	35,058
	<u>-</u>	<u>354,015</u>

4. Interest receivable and similar income

	2008 £	2007 £
Interest receivable from Group companies	<u>1,873,663</u>	<u>5,204,257</u>

5. Interest payable and similar charges

	2008 £	2007 £
Interest payable to Group companies	<u>773,045</u>	<u>2,705,445</u>

6. Profit on ordinary activities before taxation

	2008 £	2007 £
Profit on ordinary activities is stated after charging:		
Depreciation		
- owned	-	19,381
- leased	-	28,590
	<u>-</u>	<u>47,971</u>

Bupa Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2008****7. Auditors' remuneration**

	2008 £	2007 £
Fees for the audit of the company	<u>1,000</u>	<u>1,079</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.

8. Tax on profit on ordinary activities

	2008 £	2007 £
(i) Analysis of tax charge in year		
Current tax		
UK corporation tax on profits of the year	337,346	275,930
Adjustments in respect of prior periods	(40,082)	171,673
Total current tax	<u>297,264</u>	<u>447,603</u>
Deferred tax		
Origination and reversal of timing differences	-	6,119
Adjustments in respect of prior periods	34,635	9,677
Changes in tax rates	-	2,911
Tax on profit on ordinary activities	<u>331,899</u>	<u>466,310</u>

(ii) Factors affecting the tax charge

The current tax charge for the period 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 taxation	<u>1,194,320</u>	<u>978,613</u>
Tax charge on profit on ordinary activities at 28.5% (2007: 30%)	340,349	293,584
Effects of:		
Expenses not deductible for tax purposes	9,179	11,330
Permanent disallowables	(117)	-
Transfer pricing adjustments	(12,065)	(22,428)
Depreciation in excess of capital allowances claimed	-	1,805
Deferred tax on short term and other timing differences	-	(8,361)
Adjustments to tax charge in respect of prior periods	(40,082)	171,673
Total current tax charge for the year	<u>297,264</u>	<u>447,603</u>

Bupa Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2008****9. Debtors**

	2008 £	2007 £
Amounts falling due within one year:		
Amounts owed by Group undertakings	78	78
Other debtors	-	31,601
Prepayments	-	130
	<u>78</u>	<u>31,809</u>
	2008 £	2007 £
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	31,623,386	29,749,723
Deferred tax (see note 11)	-	34,635
	<u>31,623,386</u>	<u>29,784,358</u>

10. Creditors - amounts falling due within one year:

	2008 £	2007 £
Bank loans and overdrafts	-	127,148
Corporation tax	-	84,301
Amounts owed to Group undertakings	16,450,793	15,262,336
Accruals	576	500
	<u>16,451,369</u>	<u>15,474,285</u>

Payments received on account represent prepayments from other Group undertakings for future services to be rendered.

11. Deferred Taxation

Deferred tax assets are as analysed as follows:

	2008 £	2007 £
Depreciation in excess of capital allowances claimed	-	34,635

The movement for the year in the net deferred tax provision is as follows:

	2008 £	2007 £
At beginning of the year	34,635	53,342
Deferred tax charge for the year	<u>(34,635)</u>	<u>(18,707)</u>
At 31 December 2008	<u>-</u>	<u>34,635</u>

The net deferred tax asset is included within debtors (see note 9).

Bupa Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2008**

12. Share Capital	2008	2007
	£	£
Authorised		
1,100,000 ordinary shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>
Allotted, called-up and fully paid		
625,625 ordinary shares of £1 each	<u>625,625</u>	<u>625,625</u>

13. Reserves

	Profit and loss account £
At 1 January 2008	13,716,257
Profit for the financial year	<u>862,421</u>
At 31 December 2008	<u>14,578,678</u>

14. Guarantees & other financial commitments

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

Under a Group registration the company is jointly and severally liable for value added tax.