

**BUPA PURCHASING LIMITED**

(Registered No. 1461499)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1995**



**BUPA PURCHASING LIMITED**

**REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31 DECEMBER 1995**

The Directors present their annual report and the audited financial statements for the year ended 31 December 1995.

**1. Principal activity**

The principal activity of the company is the procurement of goods and services on behalf of group companies. There have been no significant changes in the activities during the year.

**2. Review of the business**

The Directors consider the development of the company during the year to be satisfactory.

**3. Results and dividends**

The profit for the year, after taxation, amounted to £43,837 (1994 - profit £1,696,931). No dividend is proposed for 1995 (1994 - £nil).

**4. Fixed assets**

The changes in fixed assets during the year are summarised in note 7 to the financial statements.

**5. Directors and directors' interests**

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

E W Lea	(Chairman)
J P Davies	
M Ellerby	
D P T Hayes	(Appointed 18/10/95)
A D Walford	(Appointed 18/10/95)

There were no directors' interests requiring disclosure under Section 234 of the Companies Act 1985.

**8. Directors' and officers' liability insurance**

During the year the company's ultimate holding company, The British United Provident Association Limited, purchased insurance on behalf of the directors and officers of BUPA and its subsidiary undertakings, as permitted under Section 310 of the Companies Act 1985.

**9. Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Registered Office :

Provident House  
24/27 Essex Street  
London WC2R 3AX

By order of the Board



J P Sanders  
Secretary

14 March 1996

**BUPA PURCHASING LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT  
OF THE FINANCIAL STATEMENTS**

The following statement, which should be read in conjunction with the auditors' report set out on page 3, is made for the purpose of clarifying the respective responsibilities of the Directors and the auditors in the preparation of the financial statements.

Company law requires the Directors to prepare financial statements for each financial year which 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## REPORT OF THE AUDITORS

### TO THE MEMBERS OF BUPA PURCHASING LIMITED

We have audited the financial statements set out on pages 4 to 12.

#### **Respective responsibilities of Directors and auditors**

As described on page 2, the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 of the state of the affairs of the company at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

—  
KPMG  
Chartered Accountants  
Registered Auditors

London

14 March 1996

**BUPA PURCHASING LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1995**

	Note	1995 £	1994 £
<b>Turnover</b>		21,995,633	14,963,556
Cost of sales		<u>(21,779,508)</u>	<u>(14,859,785)</u>
<b>Gross profit</b>		216,125	103,771
Administrative expenses		(3,638,624)	(2,593,375)
Other operating income		<u>12,606</u>	<u>34,667</u>
<b>Operating loss</b>		(3,409,893)	(2,454,937)
Interest receivable and similar income	4	<u>3,947,655</u>	<u>3,969,345</u>
<b>Profit on ordinary activities before taxation</b>	5	537,762	1,514,408
Tax on profit on ordinary activities	6	<u>(493,925)</u>	<u>182,523</u>
<b>Retained profit for the year</b>	12	<u><u>43,837</u></u>	<u><u>1,696,931</u></u>

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.

**BUPA PURCHASING LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**FOR THE YEAR ENDED 31 DECEMBER 1995**

	1995 £	1994 £
Profit for the financial year	<u>43,837</u>	<u>1,696,931</u>
Net addition to shareholders' funds	43,837	1,696,931
Opening shareholders' funds	5,746,316	4,049,385
Closing shareholders' funds	<u><u>5,790,153</u></u>	<u><u>5,746,316</u></u>

**BUPA PURCHASING LIMITED**

**BALANCE SHEET AS AT 31 DECEMBER 1995**

	Note	1995 £	1995 £	1994 £	1994 £
<b>Tangible fixed assets</b>	7		156,013		168,494
<b>Current assets</b>					
<b>Debtors:</b> amounts falling due within one year	8	2,630,861		8,839,163	
<b>Debtors:</b> amounts falling due after more than one year	8	74,872,031		72,500,000	
Cash in hand and at bank		721,951		48,347	
		<u>78,224,843</u>		<u>81,387,510</u>	
<b>Creditors:</b> amounts falling due within one year	9	<u>(59,020,242)</u>		<u>(45,071,016)</u>	
<b>Net current assets</b>			<u>19,204,601</u>		<u>36,316,494</u>
<b>Total assets less current liabilities</b>			19,360,614		36,484,988
<b>Creditors:</b> amounts falling due after more than one year	9		(5,996,820)		(25,409,175)
<b>Provisions for liabilities and charges</b>	10		<u>(7,573,641)</u>		<u>(5,329,497)</u>
<b>Net assets</b>			<u>5,790,153</u>		<u>5,746,316</u>
<b>Capital and reserves</b>					
Called up share capital	11		625,625		625,625
Profit and loss account	12		<u>5,164,528</u>		<u>5,120,691</u>
			<u>5,790,153</u>		<u>5,746,316</u>
<b>Shareholders' funds</b>					
Equity		5,790,153		5,746,316	
Non equity		<u>-</u>		<u>-</u>	
			<u>5,790,153</u>		<u>5,746,316</u>

These financial statements were approved by the Board of Directors on 14 March 1996 and were signed on its behalf by

E W Lea



Director

# **BUPA PURCHASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 1995**

#### **1. Statement of accounting policies**

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

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

##### **(b) Cash flow statement**

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

##### **(c) 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.

##### **(d) Fixed assets and depreciation**

Fixed assets are stated at cost. Depreciation is provided to write down the cost of the assets to their estimated residual value on a straight line basis over their expected lives. The annual rates applicable are :

Leasehold property	- term of the lease (15 years)
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##### **(e) Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise.

##### **(f) Operating leases**

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Assets leased to other group undertakings under operating leases are included in tangible fixed assets and are stated at historical cost. Revenue is recognised on an accruals basis.



## **BUPA PURCHASING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS - continued**

#### **2. Ultimate holding company**

The company is a wholly-owned subsidiary undertaking of BUPA Investments Limited, which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited. A copy of the financial statements of this company are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

#### **3. Staff costs and Directors' remuneration**

The company had no employees during the year (1993 : nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors for the year (1993 : nil).

#### **4. Interest receivable and similar income**

	1995	1994
	£	£
Receivable from group undertakings	<u>3,947,655</u>	<u>3,969,345</u>

#### **5. Profit on ordinary activities before taxation**

	1995	1994
	£	£
<b>Profit on ordinary activities is stated</b>		
<i>after charging:</i>		
Depreciation and other amounts written off tangible fixed assets	12,481	12,481
Auditors' remuneration (net of value added tax)	<u>1,700</u>	<u>1,600</u>
<i>after crediting:</i>		
Rentals receivable under operating leases	<u>12,606</u>	<u>34,667</u>

**BUPA PURCHASING LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued****6. Taxation**

The taxation charge is based on the result for the year :

	1995	1994
	£	£
UK corporation tax at 33%	3,717,005	4,388
Deferred taxation	(3,539,543)	490,286
	<u>177,462</u>	<u>494,674</u>
Taxation (over)/under provided in previous years :		
Corporation tax	(3,138)	(6,008)
Group relief	176,887	3,236
Deferred taxation	<u>142,714</u>	<u>(674,425)</u>
	<u>493,925</u>	<u>(182,523)</u>

**7. Tangible fixed assets**

	Leasehold property £
<b>Cost</b>	
At 1 January 1995	<u>187,216</u>
At 31 December 1995	<u>187,216</u>
<b>Depreciation</b>	
At 1 January 1995	18,722
Charge for the year	<u>12,481</u>
At 31 December 1995	<u>31,203</u>
<b>Net Book Value</b>	
At 31 December 1995	<u>156,013</u>
At 31 December 1994	<u>168,494</u>
<b>Depreciable amount at 31 December 1995</b>	<u>187,216</u>
Depreciable amount at 31 December 1994	<u>187,216</u>

The net book value of leasehold property comprises :

	1995 £
Improvements to short leasehold property	<u>156,013</u>

All fixed assets are held for use in operating leases.

**BUPA PURCHASING LIMITED****NOTES TO THE FINANCIAL STATEMENTS - continued****8. Debtors**

	1995 £	1994 £
<b>Amounts falling due within one year:</b>		
Amounts owed by group undertakings	336,201	7,782,701
Other debtors	470,004	456,011
Prepayments and accrued income	1,824,656	600,451
	<u>2,630,861</u>	<u>8,839,163</u>
 <b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	72,500,000	72,500,000
Deferred taxation (see note 10.)	2,372,031	-
	<u>74,872,031</u>	<u>72,500,000</u>

**9. Creditors**

	1995 £	1994 £
<b>Amounts falling due within one year :</b>		
Bank overdraft	73,586	2,386
Payments received on account	13,989,078	15,757,500
Trade creditors	59,951	13,784
Amounts owed to group undertakings	39,707,960	28,779,520
Taxation and social security	3,717,005	4,388
Accruals and deferred income	1,472,662	513,438
	<u>59,020,242</u>	<u>45,071,016</u>
 <b>Amounts falling due after more than one year :</b>		
Payments received on account	<u>5,996,820</u>	<u>25,409,175</u>

Payments received on account represent prepayments for services to be rendered to group undertakings.

# **BUPA PURCHASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued**

### **10. Provisions for liabilities and charges**

	Taxation including deferred taxation £	Other provisions £	Total £
At 1 January 1995	1,074,268	4,255,229	5,329,497
Charge for the year	(3,396,829)	3,268,942	(127,887)
	<u>(2,322,561)</u>	<u>7,524,171</u>	<u>5,201,610</u>
At 31 December 1995	<u>(2,322,561)</u>	<u>7,524,171</u>	<u>5,201,610</u>
Analysed as :-			
Debtors: amounts falling due after more than one year (see note 8.)	(2,372,031)	-	(2,372,031)
Provisions for liabilities and charges	49,470	7,524,171	7,573,641
	<u>(2,322,561)</u>	<u>7,524,171</u>	<u>5,201,610</u>

The amounts provided for deferred taxation and the amounts not provided are set out below :

	Provided		Not provided	
	1995	1994	1995	1994
	£	£	£	£
Accelerated capital allowances	49,470	47,768	-	-
Other timing differences	(2,372,031)	1,026,500	-	-
	<u>(2,322,561)</u>	<u>1,074,268</u>	<u>-</u>	<u>-</u>

The deferred tax asset in other timing differences will be recoverable from group undertakings on surrender of any additional tax losses arising by way of group relief.

The other provisions balance of £4,255,229 at 31 December 1994 was previously disclosed in creditors : amounts falling due within one year. There is no effect on profit arising from the reclassification.

# **BUPA PURCHASING LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS - continued**

### **11. Share capital**

	1995 £	1994 £
<b>Authorised</b>		
1,100,000 ordinary shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>
 <b>Allotted, called-up and fully paid</b>		
625,625 ordinary shares of £1 each	<u>625,625</u>	<u>625,625</u>

### **12. Reserves**

	Profit and loss account £
At 1 January 1995	5,120,691
Retained profit for the year	43,837
	<hr/>
At 31 December 1995	<u>5,164,528</u>

### **13. Contingent liabilities**

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