

BUPA IT SERVICES LIMITED
Registered No. 2625015

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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REPORT OF THE DIRECTORS
for the year ended 31 December 2009

The directors present their directors' report and the audited financial statements for the year ended 31 December 2009

1. Principal activity

The company was largely inactive as the principal activity was transferred to another Bupa group company in 2005. The company continues to earn interest from Group undertakings.

2. Business Review

The directors do not foresee any significant changes in the forthcoming year.

3. Results and dividends

The profit for the year, after taxation, amounted to £339,153 (2008 profit of £71,237).

The directors do not recommend the payment of a dividend to its ordinary shareholders in respect of the year ended 31 December 2009 (2008 Nil).

An interim dividend of £616 was paid to its preference share holders in respect of the year ended 31 December 2009 (2008 947).

An interim dividend of £500 was paid on 31 March 2009 to its 'B' preference share holders in respect of the year ended 31 December 2009 (2008 Nil).

4. 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.

5. Directors

The directors who served during the year and subsequently were as follows:

F D Gregory
M A Merchant
N T Beazley

6. Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year.

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.

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.

9. Auditors

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

Registered Office :
Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

By Order of the Board



9 April 2010

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)

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 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 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 AUDITORS' REPORT TO THE MEMBERS OF BUPA IT SERVICES LIMITED

We have audited the financial statements of Bupa IT Services Limited for the year ended 31 December 2009 Set out on pages 5 to 12 The financial reporting framework that has been applied in their preparation is 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 the financial statements in accordance with applicable law and international Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP

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 2009 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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



Simon Pashby (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

8 Salisbury Square

London

EC4Y 8BB

9 April 2010

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Operating income/(expenses)		<u>481</u>	<u>(6,729)</u>
Operating profit		<u>481</u>	<u>(6,729)</u>
Interest receivable and similar income	4	1,302,837	197,297
Interest payable and similar charges	5	<u>(24,830)</u>	<u>(89,624)</u>
Profit on ordinary activities before taxation		1,278,488	100,944
Tax on profit on ordinary activities	6	<u>(939,335)</u>	<u>(29,707)</u>
Profit for the financial year		<u><u>339,153</u></u>	<u><u>71,237</u></u>

The operating profit is derived from continuing operations

There are no recognised gains or losses other than the profit for the financial year of £339,153 (2008 £71,237)

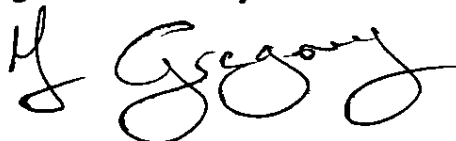
The accounting policies and notes on pages 7 to 12 form part of the Financial Statements.

BALANCE SHEET

for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Current assets			
Debtors amounts falling due after more than one year	7	45,200,133	43,920,936
Cash at bank and in hand		65,749	66,865
		<u>45,265,882</u>	<u>43,987,801</u>
Creditors amounts falling due within one year	8	(2,743,673)	(1,804,246)
Net current assets		<u>42,522,209</u>	<u>42,183,555</u>
Creditors amounts falling due after more than one year	9	(15,000)	(15,000)
Net Assets		<u><u>42,507,209</u></u>	<u><u>42,168,555</u></u>
Capital and reserves			
Called up share capital	10	10,100	10,100
Share premium	11	7,756,850	7,756,850
Profit and loss account	11	<u>34,740,259</u>	<u>34,401,605</u>
Equity shareholder's funds		<u><u>42,507,209</u></u>	<u><u>42,168,555</u></u>

These financial statements were approved by the Board of Directors on 9 April 2010 and were signed on its behalf by



F D Gregory
Director

The accounting policies and notes on pages 7 to 12 form part of the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

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

(b) Turnover

The company reported a nil turnover for the current period under review. The company continues to receive interest.

(c) 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

(d) 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

- Provision is made for tax on gains arising from the revaluation of property to its fixed value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- 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 group subsidiary undertakings are made on a full payment basis

(e) Related party transactions

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 Disclosure (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

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

for the year ended 31 December 2009

1. STATEMENT OF ACCOUNTING POLICIES - CONTINUED**(f) Classification of financial instruments issued by the company**

Following the adoption of FRS25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company and
- b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. The finance cost on the financial liability is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2. AUDITORS' REMUNERATION

	2009	2008
	£	£
Fees for the audit of the company	<u>6,000</u>	<u>6,541</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.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

The company had no employees during the year (2008: nil) and consequently incurred no staff costs. No remuneration was paid to any of the directors for the year (2008: £ nil).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2009	2008
	£	£
Interest receivable from group undertakings	<u>1,302,837</u>	<u>197,297</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2009

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Finance cost on shares classified as liabilities	652	1,185
Interest payable to group companies	24,178	88,439
	<u>24,830</u>	<u>89,624</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of charge

	2009	2008
	£	£
Current Tax		
UK corporation tax on profits for the year	358,293	29,707
Adjustments in respect of prior periods	581,042	-
Total current tax	<u>939,335</u>	<u>29,707</u>
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	<u>939,335</u>	<u>29,707</u>

(ii) Factors affecting the tax charge

The tax assessed for the period is higher (2008 higher) than the standard rate of corporation tax in the UK of 28% (2008 28.5%)
The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before tax	<u>1,278,488</u>	<u>100,944</u>
Tax charge on profit on ordinary activities at 28%	357,977	28,766
Effects of		
Expenses not deductible for tax purposes	183	941
Transfer pricing adjustments	134	-
Adjustments to the tax charge in respect of prior periods	581,042	-
Total current tax charge for period	<u>939,335</u>	<u>29,707</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2009

7. DEBTORS

	2009 £	2008 £
Amounts falling due after more than one year:		
Amounts due from group undertakings	45,200,133	43,920,273
Other debtors	-	663
	<u>45,200,133</u>	<u>43,920,936</u>

8. CREDITORS - amounts falling due within one year :

	2009 £	2008 £
Amounts owed to group undertakings	2,733,638	1,774,741
Corporation tax	9,761	9,761
Accruals and deferred income	274	19,744
	<u>2,743,673</u>	<u>1,804,246</u>

9. CREDITORS - amounts falling due after more than one year :

	2009 £	2008 £
Shares classified as liabilities	15,000	15,000
	<u>15,000</u>	<u>15,000</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2009

10. SHARE CAPITAL

	2009 £	2008 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
15,000 Preference shares of £1 each	15,000	15,000
10,000 non redeemable 'B' preference shares of £1 each	10,000	10,000
	<u>26,000</u>	<u>26,000</u>
Allotted, called-up and fully paid		
100 ordinary shares of £1 each	100	100
15,000 Preference shares of £1 each	15,000	15,000
10,000 non redeemable 'B' preference shares of £1 each	10,000	10,000
	<u>25,100</u>	<u>25,100</u>
Shares classified as liabilities	15,000	15,000
Shares classified as shareholders' funds	10,100	10,100
	<u>25,100</u>	<u>25,100</u>

The 15,000 preference shares carried a dividend of 4.3467% in 2009. Dividends are payable on 31 March and 30 September in each year. The dividend rights are cumulative.

The preference shares carry no votes at meetings unless the business of the meeting includes a resolution for the winding up of the company or reduction or repayment of all or any part of the capital paid up on any shares.

On a winding up of the company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

11. RESERVES

2009	Profit and loss account £	Share Premium account £	Total £
At the beginning of the year	34,401,605	7,756,850	42,158,455
Profit for the year	339,153	-	339,153
Dividend paid	(500)	-	(500)
At the end of the year	<u>34,740,259</u>	<u>7,756,850</u>	<u>42,497,109</u>
2008	Profit and loss account £	Share Premium account £	Total £
At the beginning of the year	34,330,368	7,756,850	42,087,218
Profit for the year	71,236.96	-	71,237
At the end of the year	<u>34,401,605</u>	<u>7,756,850</u>	<u>42,158,455</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2009

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

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.

13. ULTIMATE AND IMMEDIATE PARENT UNDERTAKING

The immediate parent company is Bupa Investments Limited, 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), registered in England and Wales. The smallest group in which they are consolidated is that headed by Bupa Finance Plc 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.