

**PLAINPRIME LIMITED**

**(Registered No. 4369816)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2006**

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# **PLAINPRIME LIMITED**

## **REPORT OF THE DIRECTORS for the year ended 31 December 2006**

The directors present their directors' report and the audited financial statements for the year ended 31 December 2006

### **1. Principal activities**

The principal activity of the company is that of an investment company

### **2. Review of the business**

The directors consider the development of the company during the year to be satisfactory and do not foresee any significant changes in the forthcoming year

### **3. Conversion to IFRS**

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. Results and dividends**

The profit for the year, before taxation, amounted to £5,067,029 (2005 £5,048,304)

The directors do not recommend the payment of a dividend to its ordinary shareholders

### **5. 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 certain 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

### **6. Directors and directors' interests**

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

N T Beazley

J P Davies

F D Gregory

B D J Kent

R King

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

### **7. 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

**PLAINPRIME LIMITED**

**REPORT OF THE DIRECTORS - continued  
for the year ended 31 December 2006**

**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 he ought to have taken as a director to make himself 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 2007

By Order of the Board



For and on behalf of  
BUPA Secretaries Ltd  
Secretary

## **PLAINPRIME 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 year

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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

## **PLAINPRIME LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAINPRIME LIMITED**

We have audited the financial statements of Plainprime Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAINPRIME 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 31 December 2006 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 Mc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*  
13 March 2007

8 Salisbury Square  
London EC4Y 8BB

**PLAINPRIME LIMITED****PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2006**

	<i>Note</i>	2006 £	2005 £
Administrative expenses		(2,334)	(1,859)
Other operating income /(expense)		48	(92)
Operating loss		<u>(2,286)</u>	<u>(1,951)</u>
Interest receivable and similar income	4	5,307,961	5,237,409
Interest payable and similar charges	5	(238,646)	(187,154)
<b>Profit on ordinary activities before taxation</b>	6	<u>5,067,029</u>	<u>5,048,304</u>
Tax on profit on ordinary activities	8	(1,520,322)	(1,515,715)
<b>Profit for the financial year</b>		<u><u>3,546,707</u></u>	<u><u>3,532,589</u></u>

The operating 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 9 to 14 form part of these financial statements

**PLAINPRIME LIMITED****BALANCE SHEET****as at 31 December 2006**

	<i>Note</i>	2006 £	2005 £
<b>Current assets</b>			
<b>Debtors</b> amounts falling after more than one year	9	133,279,695	127,978,274
Cash at bank and in hand		<u>73,312</u> 133,353,007	<u>60,862</u> 128,039,136
<b>Creditors:</b> amounts falling due within one year	10	(6,469,651)	(4,708,697)
<b>Net current assets</b>		<u>126,883,356</u>	<u>123,330,439</u>
<b>Creditors:</b> amounts falling due after more than one year	10	(15,000)	(15,000)
<b>Net assets</b>		<u><u>126,868,356</u></u>	<u><u>123,315,439</u></u>
<b>Capital and reserves</b>			
Called up share capital	11	113,010,001	113,000,001
Share Premium	12	10,179,650	6,679,650
Profit & Loss Account	12	3,678,705	3,635,788
<b>Shareholders' funds</b>		<u><u>126,868,356</u></u>	<u><u>123,315,439</u></u>

These financial statements were approved by the Board of Directors on 13 March 2007 and were signed on its behalf by



B D J Kent  
Director

The accounting policies and notes on pages 9 to 14 form part of these financial statements



**PLAINPRIME LIMITED**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**for the year ended 31 December 2006**

	2006 £	2005 £
<b>Profit for the financial year</b>	3,546,707	3,532,589
Preference dividends paid	(3,503,790)	-
<b>Retained profit</b>	<u>42,917</u>	<u>3,532,589</u>
New share capital subscribed	10,000	-
Premium on issue of share capital	3,500,000	-
Net addition to shareholders' funds	<u>3,510,000</u>	<u>-</u>
Opening shareholders' funds	123,315,439	119,782,850
<b>Closing shareholders' funds</b>	<u><u>126,868,356</u></u>	<u><u>123,315,439</u></u>

# **PLAINPRIME LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**

### **1. STATEMENT OF ACCOUNTING POLICIES**

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

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

#### **(b) 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 Disclosures (FRS 8) not included details of transactions with other BUPA group companies which are subsidiary undertakings of the BUPA Group. There are no other related party transactions.

#### **(c) 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.

#### **(d) 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.

#### **(e) 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:

- (i) Provision is made for tax on gains arising from the revaluation of property to its market 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2006 - continued**

**1. STATEMENT OF ACCOUNTING POLICIES - continued**

**(e) Taxation including deferred taxation - continued**

(ii) 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

(iii) 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 years 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

**(f) Classification of financial instruments issued by the company - FRS 25 Financial Instruments Presentation**

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's 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

# PLAINPRIME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006 - continued

### 1. STATEMENT OF ACCOUNTING POLICIES - continued

#### (f) Classification of financial instruments issued by the company - continued

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. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS

The immediate parent undertaking of Plainprime Limited is BUPA Beheer BV, a company registered in the Netherlands.

The largest group in which the results of the company are consolidated is that headed by The British United Provident Association Limited (BUPA), a company 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.

The consolidated financial statements of these groups are available to the public and can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

### 3. STAFF COSTS AND DIRECTORS' REMUNERATION

#### (a) Employees

The company had no employees during the year (2005: nil) and consequently incurred no staff costs.

#### (b) Directors' remuneration

No remuneration was paid to any of the directors for the year (2005: £nil).

### 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £	2005 £
Intercompany interest receivable	5,301,421	5,230,321
Other interest receivable	6,540	7,088
	<u>5,307,961</u>	<u>5,237,409</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £	2005 £
Finance cost on shares classified as liabilities	711	4,080
Intercompany interest payable	237,935	183,074
	<u>238,646</u>	<u>187,154</u>

# PLAINPRIME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006 - continued

### 6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

*Profit on ordinary activities before taxation is stated*

*after (crediting)/ charging:*

Other (income)/expenses

2006	2005
£	£
(48)	92

### 7. AUDITORS' REMUNERATION

2006	2005
£	£
Fees for the audit of the company	
3,000	2,691

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. The 2005 disclosure has been restated using a consistent basis.

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

#### (i) Analysis of tax charge in the year

2006	2005
£	£
Current tax	
UK corporation tax on profits of the year	
1,520,322	1,515,715
Tax on profit on ordinary activities	1,515,715

#### (ii) Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 30% as explained below.

2006	2005
£	£
Profit on ordinary activities before tax	
5,067,029	5,048,304
Tax charge on profit on ordinary activities at 30%	
1,520,109	1,514,491
Effects of	
Expenses not deductible for tax purposes	
213	1,224
Total current tax charge for year	1,515,715

# PLAINPRIME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006 - continued

### 9. DEBTORS

	2006	2005
	£	£
<b>Amounts falling due after more than one year:</b>		
Amounts owed by Group undertakings	<u>133,279,695</u>	<u>127,978,274</u>

### 10. CREDITORS

	2006	2005
	£	£
<b>Amounts falling due within one year:</b>		
Amounts due to Group undertakings	6,467,125	4,706,289
Accruals and deferred income	<u>2,526</u>	<u>2,409</u>
	<u>6,469,651</u>	<u>4,708,698</u>

<b>Amounts falling due after more than one year :</b>		
Shares classified as liabilities	<u>15,000</u>	<u>15,000</u>

### 11. SHARE CAPITAL

	2006	2005
	£	£
<b>Authorised</b>		
250,000,000 Ordinary shares of £1 each	250,000,000	250,000,000
10,000 Non-redeemable B Preference shares of £1 each	10,000	-
15,000 Preference share of £1 each	<u>15,000</u>	<u>15,000</u>
	<u>250,025,000</u>	<u>250,015,000</u>
<b>Allotted, called-up and fully paid</b>		
113,000,001 Ordinary shares of £1 each	113,000,001	113,000,001
10,000 Non-redeemable B Preference shares of £1 each	10,000	-
15,000 Preference shares of £1 each	<u>15,000</u>	<u>15,000</u>
	<u>113,025,001</u>	<u>113,015,001</u>
Shares classified as liabilities	15,000	15,000
Shares classified as shareholders' funds	<u>113,010,001</u>	<u>113,000,001</u>
	<u>113,025,001</u>	<u>113,015,001</u>

The 15,000 preference shares carry a dividend of LIBOR 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

# PLAINPRIME LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006 - continued

### 11 SHARE CAPITAL - continued

On 6th November 2006, the company issued £10,000 of fully-paid up non-redeemable B Preference shares to a fellow subsidiary of The British United Provident Association Limited for cash consideration of £3,510,000

The 10,000 'B' Preference shares carry an entitlement to a single special dividend at the sole and absolute discretion of the directors, calculated by reference to the distributable profits of the company and thereafter to an ongoing preferential dividend to be determined by the directors. A special dividend of £3,503,790 was paid on 20th November 2006

### 12. RESERVES

	Profit and Loss Reserve	Share Premium	Total
2006	£	£	£
At the beginning of the year	3,635,788	6,679,650	10,315,438
Retained profit for the year	3,546,707	-	3,546,707
Premium on issue of Preference shares	-	3,500,000	3,500,000
Preference dividends paid	(3,503,790)	-	(3,503,790)
At the end of the year	<u>3,678,705</u>	<u>10,179,650</u>	<u>13,858,355</u>

	Profit and Loss Reserve	Share Premium	Total
2005	£	£	£
At the beginning of the year	6,782,849	-	6,782,849
Retained profit for the year	3,532,589	-	3,532,589
Transfer profit and loss reserve to share premium reserve	(6,679,650)	6,679,650	-
At the end of the year	<u>3,635,788</u>	<u>6,679,650</u>	<u>10,315,438</u>

The transfer of £6,679,650 from profit and loss reserve to share premium reserve relates to the payment of a dividend representing the value of the premium paid on issue of the preference shares. This amount has not been disclosed in the profit and loss account but reduces the profit and loss reserve