

PLAINPRIME LIMITED

(Registered No. 4369816)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009



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 activities

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

2. Business Review

The results for the Company show a profit before taxation of £2 0m (2008 £5 5m) for the year and turnover of £2 1m (2008 £6 0m) The Company has net assets of £136 6m (2008 £135 1m)

During the year the Company continued to be an investment holding company for the Group's subsidiaries

Internal investment activities decreased by £3 9m in the year The decrease can be attributed to lower interest rates which resulted in the operating profit decreasing by £2 5m

The Company's management and its strategy are subject to a number of uncertainties and risks These risks and uncertainties include interest rate fluctuations driven by the external investment market and the uncertainty of timing of cash generation within the other Group companies Management believe that these risks and uncertainties are managed effectively where possible and are reviewed on a regular basis in line with Group policies

The Company is managed on a divisional basis as part of the Group's operations The directors do not therefore consider the use of KPIs to be appropriate or necessary to provide an understanding of the development, performance or position of the company

3. Proposed Dividend

Dividends, totaling £1,116, were paid on the preference shares, classified as liabilities in the accounts during the year

4. 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 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 or any of its subsidiaries

5. Directors

The directors who held office during the year were as follows

N T Beazley
F D Gregory
M A Merchant

REPORT OF THE DIRECTORS - continued
for the year ended 31 December 2009

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 Audit Plc will therefore continue in office

Registered Office

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

17 March 2010

By Order of the Board



For and on behalf of
Bupa Secretaries Ltd
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 the directors 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 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 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 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 PLAINPRIME LIMITED

We have audited the financial statements of Plainprime Limited for the year ended 31 December 2009 set out on pages 6 to 14. 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 3, 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 and 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.

PLAINPRIME LIMITED
Registered number 4369816

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PLAINPRIME 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 director's 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
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB

17 March 2010

PLAINPRIME LIMITED
Registered number 4369816

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	<i>Note</i>	2009 £	2008 £
Interest receivable and similar income	4	2,086,600	6,027,645
Interest payable and similar charges	5	(100,996)	(546,592)
Other operating income		1,068	-
Profit on ordinary activities before taxation		1,986,672	5,481,053
Tax on profit on ordinary activities	7	(555,518)	(1,562,265)
Profit for the financial year		<u>1,431,154</u>	<u>3,918,788</u>

The operating profit is all derived from continuing operations

There were no recognised gains and losses in the current or prior years other than the profits shown above

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation

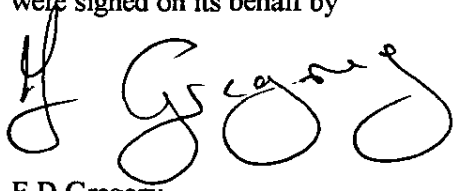
The notes on pages 9 to 14 form part of these financial statements

PLAINPRIME LIMITED
Registered number 4369816

BALANCE SHEET
as at 31 December 2009

	<i>Note</i>	2009 £	2008 £
Fixed Assets			
Investments	8	137,010,363	145,892,943
Current Assets			
Cash at bank and in hand		120,670	133,778
Creditors: amounts falling due within one year	9	<u>(555,545)</u>	<u>(10,882,387)</u>
Net current liabilities		<u>(434,875)</u>	<u>(10,748,609)</u>
Total assets less current liabilities		136,575,488	135,144,334
Creditors: amounts falling due after more than one year	9	(15,000)	(15,000)
Net assets		<u>136,560,488</u>	<u>135,129,334</u>
Capital and reserves			
Called up share capital	10	113,010,001	113,010,001
Share Premium Account	11	10,179,650	10,179,650
Profit & Loss Account	11	13,370,837	11,939,683
Shareholders' funds		<u>136,560,488</u>	<u>135,129,334</u>

These financial statements were approved by the Board of Directors on 17 March 2010 and were signed on its behalf by



F D Gregory
Director

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

PLAINPRIME LIMITED
Registered number 4369816

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2009

	2009 £	2008 £
Profit for the financial year	1,431,154	3,918,788
Retained profit	1,431,154	3,918,788
Opening shareholders' funds	135,129,334	131,210,546
Closing shareholders' funds	<u>136,560,488</u>	<u>135,129,334</u>

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

1. STATEMENT OF ACCOUNTING POLICIES

The following accounting policies have been applied consistently on dealing with items which are considered material in relation to the financial statements, except as noted below

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention and in view of the letter of support from Bupa Finance Plc, which undertakes to provide such support as is necessary to enable the company to meet its liabilities as they fall due, on a going concern basis

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As at the Company is a wholly owned subsidiary of the British United Provident Association Limited ("Bupa"), the Company has taken advantage on the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Bupa, within which this Company is included, can be obtained from the address given in note 2

(b) Interest bearing borrowings

Immediately after issue, debt is stated at the 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

(c) 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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

(d) Taxation including deferred taxation - continued

- (i) 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
- (ii) 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

(e) 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

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

1. STATEMENT OF ACCOUNTING POLICIES - continued

(e) 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, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by Bupa Finance Plc, incorporated in England and Wales. The consolidated financial statements of these groups are available from The Registrar of Companies, Cardiff, CF14 3UZ.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

(a) Employees

The company had no employees during the year (2008: nil) and consequently incurred no staff costs.

(b) Directors' remuneration

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	2,086,529	6,027,645
Other interest receivable	71	-
	<u>2,086,600</u>	<u>6,027,645</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
Finance cost on shares classified as liabilities	2,644	1,105
Interest payable to Group undertakings	98,352	545,487
	<u>100,996</u>	<u>546,592</u>

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

6. AUDITORS' REMUNERATION

	2009 £	2008 £
Fees for the audit of the Company	<u>2,000</u>	<u>1,972</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.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge in the year

	2009 £	2008 £
Current tax		
UK corporation tax on profits of the year	<u>555,518</u>	<u>1,562,265</u>
Tax on profit on ordinary activities	<u>555,518</u>	<u>1,562,265</u>

(ii) Factors affecting the tax charge

The tax assessed for the period is lower (2008: higher) than the 2009 rate of corporation tax in the UK of 28.0% (2008: 28.5%). The differences are explained below:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>1,986,672</u>	<u>5,481,053</u>
Tax charge on profit on ordinary activities at 28.0%	556,268	1,561,950
Effects of:		
Expenses not deductible for tax purposes	-	315
Non-taxable income	<u>(750)</u>	<u>-</u>
Total current tax charge for year	<u>555,518</u>	<u>1,562,265</u>

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

8. INVESTMENTS

	1 January 2009	Additions	Repayments	31 December 2009
	£	£	£	£
Group undertakings				
Loans	145,892,943	22,120,371	(31,002,951)	137,010,363
	<u>145,892,943</u>	<u>22,120,371</u>	<u>(31,002,951)</u>	<u>137,010,363</u>

9. CREDITORS

	2009	2008
	£	£
Amounts falling due within one year:		
Amounts due to Group undertakings	555,518	10,882,230
Accruals and deferred income	27	158
	<u>555,545</u>	<u>10,882,387</u>

Amounts falling due after more than one year :
Shares classified as liabilities (note 10)

	2009	2008
	£	£
	<u>15,000</u>	<u>15,000</u>

10. SHARE CAPITAL

	2009	2008
	£	£
Authorised		
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	10,000
15,000 Preference share of £1 each	15,000	15,000
	<u>250,025,000</u>	<u>250,025,000</u>
Allotted, called-up and fully paid		
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	10,000
15,000 Preference shares of £1 each	15,000	15,000
	<u>113,025,001</u>	<u>113,025,001</u>
Shares classified as liabilities	15,000	15,000
Shares classified as shareholders' funds	<u>113,010,001</u>	<u>113,010,001</u>
	<u>113,025,001</u>	<u>113,025,001</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
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NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 - continued

11. RESERVES

	Profit and Loss Account £	Share Premium Account £	Total £
At the beginning of the year	11,939,683	10,179,650	22,119,333
Retained profit for the year	1,431,154	-	1,431,154
At the end of the year	<u>13,370,837</u>	<u>10,179,650</u>	<u>23,550,487</u>