

BUPA HEALTH DIALOG LIMITED

Directors' report and financial statements
for the year ended
31 December 2013

Registered Office

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

Registered number 6147791



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Directors' Report

for the year ended 31 December 2013

The Directors present their annual report and the financial statements of Bupa Health Dialog Limited ('the Company') for the year ended 31 December 2013

1 Business review

Results

The loss for the year, after taxation, amounted to £276,675 (2012 loss of £852,939) The Company had net assets of £830,407 (2012 liabilities of £14,092,918)

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2013 (2012 £nil)

Development

Following the restructures of 2012, during which the Company integrated into Bupa Insurance Services Limited (BISL), it continued to support all operational units with responsibility for non-commercial analytic support. On 1 April 2013, the routine activities of the Company were formally transferred to BISL, with an agreement for BISL to supply resources back to the Company in the event of ad-hoc external contracts

On 22 November 2013, the Company issued 15,200,000 new shares which were purchased by Bupa Finance plc, the Company's immediate parent, for a consideration of £15,200,000

Future outlook

The Company is retaining its NHS capabilities and although not actively marketing, it is still able to offer services to the NHS if an opportunity presents itself and aligns with Bupa's strategic ambitions in the long term. The Company is not expected to generate any revenue from NHS activities in the foreseeable future

Principal risks and uncertainties

Details of The British United Provident Association (Bupa) Group's business risks and risk management processes are set out in the ultimate parent company's annual report. Bupa Group consists of Bupa and its subsidiaries and holding companies, or subsidiaries of such holding companies. The Company is managed on a divisional basis as part of the Bupa 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

2 Going concern

The Company meets its day to day working capital requirements through an intercompany financing arrangement. The forecast and projections of the Bupa Group indicate that it will continue to trade profitably. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, despite a loss of £276,675 in the year to 31 December 2013. The Company is not expected to incur material losses in the future, if it does engage with the NHS, it will be done so on a profitable basis. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements

Directors' Report (continued)

for the year ended 31 December 2013

3. Conversion to International Financial Reporting Standards

The ultimate parent undertaking, Bupa, has prepared group accounts in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

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:

N T Beazley	Died	19 May 2013
J M Elliott	Appointed	22 April 2013
T Fletcher	Appointed	19 April 2013
	Resigned	30 April 2014
S M Los		
N-J Macdonald	Resigned	31 January 2013
A M Peeler		

6 Employees

Details of the number of persons employed and gross remuneration are contained in note 5 to the financial statements.

Every effort is made by the Directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance.

The Company continues to pursue its stated policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the Company, through training, career development and promotion. Where employees have become disabled whilst in the service of the Company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

7. Supplier payment policy

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of their terms of payment and abide by the terms of payment. Trade creditors' terms for the Company at 31 December 2013 were equivalent to end of month plus 45 days (2012: end of month plus 45 days).

Directors' Report (continued)

for the year ended 31 December 2013

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 Auditor

Our auditor, KPMG Audit Plc has instigated an orderly wind down of business. The Board has decided to put KPMG LLP forward to be appointed as auditor and a resolution concerning their appointment will be proposed to the shareholders of the company

Registered Office

By Order of the Board

Bupa House
15 - 19 Bloomsbury Way
London
WC1A 2BA



12 May 2014

**For and on behalf of
Bupa Secretaries Limited
Secretary**

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements for the year ended 31 December 2013

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 auditor's report to the members of Bupa Health Dialog Limited

We have audited the financial statements of Bupa Health Dialog Limited for the year ended 31 December 2013, set out on pages 9 to 21. 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 4 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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, and express an opinion on, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 and of its loss 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.

Independent auditor's report to the shareholders of Bupa Health Dialog 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 Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Karen Orr (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

12 May 2014

Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Turnover		30,000	484,050
Gross profit		30,000	484,050
Operating expenses	2	(299,561)	(1,456,426)
Operating loss		(269,561)	(972,376)
Finance charges	5	(107,815)	(212,182)
Loss on ordinary activities before taxation	3	(377,376)	(1,184,558)
Tax on loss on ordinary activities	7	100,701	331,619
Loss for the year		(276,675)	(852,939)

The operating loss is all derived from continuing operations

There were no recognised gains and losses other than the loss 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 12 to 21 form part of these financial statements

Balance sheet as at 31 December 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	9	-	70,265
		-	70,265
Current assets			
Debtors			
- due within one year	10	241,913	366,638
- due after one year	10	-	128,784
Cash at bank and in hand		738,435	-
		980,348	495,422
Current liabilities			
Bank overdrafts	11	-	(14,504,431)
Creditors amount falling due within one year	11	(149,941)	(154,174)
		(149,941)	(14,658,605)
Net current assets/(liabilities)		830,407	(14,163,183)
Total assets less current liabilities		830,407	(14,092,918)
Net assets/(liabilities)		830,407	(14,092,918)
Capital and reserves			
Called up share capital	12	15,200,001	1
Profit and loss account	13	(14,369,594)	(14,092,919)
Shareholder's funds		830,407	(14,092,918)

These financial statements were approved by the Board of Directors on 12 May 2014
and were signed on its behalf by



A M Peeler
Director

The accounting policies and notes on pages 12 to 21 form part of these financial statements

Reconciliation of movement in shareholder's deficit for the year ended 31 December 2013

	2013 £	2012 £
Loss for the year	(276,675)	(852,939)
Increased share capital in year (note 13)	15,200,000	-
Net increase/(decrease) in shareholder's funds	14,923,325	(852,939)
Opening shareholder's deficit	(14,092,918)	(13,239,979)
Closing shareholder's funds/(deficit)	830,407	(14,092,918)

The accounting policies and notes on pages 12 to 21 form part of these financial statements

Notes to the financial statements

for the year ended 31 December 2013

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

(a) Basis of preparation

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

(b) Going concern

The Company meets its day to day working capital requirements through an intercompany financing arrangement. The forecast and projections of the Bupa Group indicate that it will continue to trade profitably. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, despite a loss of £276,675 in the year to 31 December 2013. The Company is not expected to incur material losses in the future, if it does engage with the NHS, it will be done so on a profitable basis. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

(c) Related party transactions

As the Company is a wholly owned subsidiary of Bupa, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 Related Party Disclosures (FRS 8) and has therefore not disclosed transactions or balances with entities which form part of the Bupa Group. The consolidated financial statements of Bupa, within which this Company is included, can be obtained from the address given in note 2.

(d) Cash flow statement

Under Financial Reporting Standard 1 Cash Flow Statements (revised 1996) (FRS 1) the Company is exempt from the requirement to prepare a cash flow statement on the grounds it meets the small company criteria of the Companies Act 2006.

(e) Turnover

Turnover represents the total amount of fee income earned by the Company in the ordinary course of business, being the provision of commissioning services and analytic services for Primary Care Trusts of the NHS and other Group Companies. Turnover is recorded after deducting trade discounts and value added tax, where applicable.

Notes to the financial statements (continued)

for the year ended 31 December 2013

1 Accounting policies (continued)

(f) Taxation and deferred taxation

The credit for taxation is based on the result for the year and takes into account deferred taxation

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 exception

- 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 Bupa Group subsidiary undertakings are made on a full payment basis

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided at rates calculated to write-off the cost, less the estimated residual value, on a straight line basis over its expected useful life, as follows

Computer equipment	Straight line over 3 years
Fixtures and fittings	Straight line over 7 years

Residual value is calculated on prices prevailing at the date of acquisition

(h) Leases

Operating lease rentals are charged against results on a straight line basis over the term of the lease

Notes to the financial statements (continued)

for the year ended 31 December 2013

1 Accounting policies (continued)

(i) Pensions

(I) Defined benefit pension schemes

The ultimate holding company, Bupa, operates a group defined benefit pension scheme, The Bupa Pension Scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of Bupa in independently administered funds.

The Company participates in The Bupa Pension Scheme. As no agreement exists to allocate pension scheme assets and liabilities between Bupa Group companies, Financial Reporting Standard 17 Retirement Benefits (FRS 17) permits those Bupa Group companies to account for their pension costs as if the Company participates in a defined contribution pension scheme. Therefore, the cost of the pension contributions made to the scheme are recognised within the profit and loss account.

(II) Defined contribution pension schemes

The ultimate holding company, Bupa, operates a defined contribution pension scheme, The Bupa Retirement Savings Plan in which the Company participates. The assets of the scheme are held separately from those of the Company in independently administered funds.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the profit and loss account as incurred.

(j) Trade debtor policy

The Company offers settlement terms of 30 days from the date of invoice to all trade debtors and recognises a full doubtful debt provision against all balances outstanding for greater than or equal to 6 months from the date of invoice.

2. Immediate and ultimate parent company

The immediate parent undertaking of the Company is Bupa Finance plc, a company incorporated in England and Wales.

The ultimate parent undertaking of the Company, and the largest group into which these financial statements are consolidated is The British United Provident Association Limited, a company incorporated in England and Wales. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc, a company incorporated in England and Wales.

Copies of the accounts of both companies can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

Notes to the financial statements (continued)

for the year ended 31 December 2013

2. Net operating expenses

	2013 £	2012 £
Staff costs (see note 4)	209,029	1,321,805
Head office recharges	310,140	430,102
	519,169	1,751,907
Other operating expenses	(219,608)	(295,481)
	299,561	1,456,426

The head office recharges include property, information systems, administrative and management support services and functionality provided to the Company throughout the periods concerned

3. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned	14,579	73,988
Operating lease rentals		
- other	-	159,069
Loss on disposal of tangible fixed assets	-	16,806

Notes to the financial statements (continued)

for the year ended 31 December 2013

4 Staff costs and Directors' remuneration

(i) Staff costs

The average monthly number of employees (including Directors) was as follows

	2013	2012
Administration	4	23
	4	23

Their aggregate remuneration comprised

	2013 £	2012 £
Wages and salaries	172,139	1,063,995
Social security costs	19,803	130,224
Other pension costs	17,087	127,586
	209,029	1,321,805

Of the total pension cost of £17,087 (2012 £127,586), £14,227 (2012 £105,485) relates to the defined contribution pension scheme

(ii) Directors' remuneration

Six directors served during the year of which four remained at the end of the year, none of whom are employees of Bupa Health Dialog Limited. The Directors do not receive any remuneration for their services as a director of Bupa Health Dialog Limited.

5 Finance charges – net

	2013 £	2012 £
Bank interest payable	(107,815)	(210,156)
Interest payable to Group Companies	-	(2,026)
Finance charges – net	(107,815)	(212,182)

6. Auditor's remuneration

	2013 £	2012 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10,000	25,642
Additional audit fee in relation to audit	-	8,586

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.

Notes to the financial statements (continued)

for the year ended 31 December 2013

7 Tax on loss on ordinary activities

(i) Analysis of tax credit in the year

	2013 £	2012 £
Current tax		
UK corporation tax on loss for the year	(219,218)	(294,424)
	(219,218)	(294,424)
Adjustments in respect of prior periods - UK corporation tax	(10,267)	(47,688)
Total current tax	(229,485)	(342,112)
Deferred tax		
Origination and reversal of timing differences	111,823	3,737
Change in tax rates	16,773	11,523
Adjustments in respect of prior periods	188	(4,767)
Total deferred tax	128,784	10,493
Total tax on loss on ordinary activities	(100,701)	(331,619)

(ii) Factors affecting the tax credit

The differences between the total current tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows

	2013 £	2012 £
Loss on ordinary activities before taxation	(377,376)	(1,184,558)
Tax on loss on ordinary activities at standard UK corporation tax rate of 23.25% (2012 24.5%)	(87,727)	(290,184)
Effects of		
Changes in tax rate	(18,152)	(243)
Expenses not deductible for tax purposes	1,194	12,693
Transfer pricing adjustment	(2,710)	(12,953)
Accelerated capital allowances	(111,823)	(3,737)
Adjustments to tax in respect of prior periods	(10,267)	(47,688)
Total current tax credit for year	(229,485)	(342,112)

Notes to the financial statements (continued)

for the year ended 31 December 2013

8 Deferred taxation

Deferred tax is analysed as follows

	2013	2012
	£	£
Depreciation in excess of capital allowances claimed	-	128,784
Deferred tax asset	-	128,784

The movement in deferred tax is analysed as follows

	2013
	£
At the beginning of the period	128,784
Deferred tax charge for the year	(128,784)
At the end of the period	-

The net deferred tax asset is included within debtors (note 10)

9 Tangible assets

	Computer Equipment 2013 £	Fixtures & Fittings 2013 £	Total 2013 £
Cost or valuation			
At beginning of year	1,197,739	22,062	1,219,801
Disposals	(1,197,739)	(22,062)	(1,219,801)
At end of year	-	-	-
Depreciation			
At beginning of year	1,131,433	18,103	1,149,536
Charge for the year	(14,139)	(440)	(14,579)
Disposals	(1,117,294)	(17,663)	(1,134,957)
At end of year	-	-	-
Net book value			
-At end of year	-	-	-
At beginning of year	66,306	3,959	70,265

Notes to the financial statements (continued)

for the year ended 31 December 2013

10. Debtors

	2013 £	2012 £
Amounts falling due within one year		
Trade debtors	-	32,400
Amounts owed by Group undertakings	241,913	320,438
Other debtors, taxation, social security and prepayments	-	13,800
	241,913	366,638
Amounts falling due after one year		
Deferred tax asset (see note 8)	-	128,784
	-	128,784

11 Creditors – amounts falling due within one year

	2013 £	2012 £
Accruals and deferred income	34,231	108,951
Bank overdrafts (see note 15ii)	-	14,504,431
Amounts owed to Group undertakings	92,441	30,305
Other creditors including taxation and social security	23,269	14,918
	149,941	14,658,605

12. Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid 15,200,001 ordinary share of £1 each	15,200,001	1
	15,200,001	1

During the year the Company allotted 15,200,000 ordinary shares with a nominal value of £15,200,000. These were purchased by the parent company, Bupa Finance plc.

13 Reserves

	Profit and loss account 2013 £
At beginning of year	(14,092,919)
Loss for the year	(276,675)
At end of year	(14,369,594)

Notes to the financial statements (continued)

for the year ended 31 December 2013

14. Contingent liabilities, guarantees and other financial commitments

(i) Contingent liabilities

Under a Group registration the Company is jointly and severally liable for value added tax due by certain other Bupa Group Companies

(ii) Guarantees

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

15 Subsequent events

There are no material post balance sheet events that require disclosure

Notes to the financial statements (continued)

for the year ended 31 December 2013

17. Pensions

(i) Defined benefit pension schemes

The Bupa Group operates defined benefit and defined contribution pension schemes for the benefit of employees. The Bupa Pension Scheme (the Scheme) is the principal defined benefit pension scheme which provides benefits based on final pensionable salary, with charges made to the profit and loss account of The Bupa United Provident Association Limited ('Bupa') comprising the current service cost calculated on the projected unit method, interest cost on plan liabilities, less the expected return on plan assets, and gains and losses on curtailments.

The Scheme was closed to new entrants from 1 October 2002. Under the Scheme, contributions by employees and the Bupa Group are administered by trustees in funds independent of the Bupa Group. The Scheme is funded to cover future pension liabilities allowing for future earnings and pension increases.

An independent actuary performs triennial valuations together with periodic interim reviews. Both triennial and interim valuations use the attained age method, recognising the closure of the Scheme to new entrants. The most recent triennial valuation as at 1 July 2011 was finalised during 2012.

The Scheme was valued as at 31 December 2013 under the requirements of International Accounting Standard No 19 Employee Benefits (IAS 19) as the Bupa Group prepares its consolidated financial statements under International Financial Reporting Standards. This valuation showed a surplus before deferred tax of £127.5m (2012: £104.5m) with assets of £1,286.6m (2012: £1,180.7m) and liabilities of £1,159.1m (2012: £1,076.2m), which would not be materially different from a valuation performed under the requirements of FRS 17. It is not possible to identify the Company's share of this deficit on a consistent and reliable basis, therefore, as permitted by FRS 17, the pension contributions paid by the Company relating to the Scheme are charged to the profit and loss account of the Company.

Details of the latest valuations of the Scheme and main assumptions are included in the Annual Report and Accounts of the ultimate holding company, Bupa.

As recommended by the Scheme's independent actuary, employer contributions were paid at the rate of 34.3% of pensionable salaries for the year ended 31 December 2013. Included in the employer contributions is 7.0% which represents the employer pension contributions paid as part of the Bupa Group's salary sacrifice arrangement, PeopleChoice Pensions. There is a corresponding reduction in wages and salaries as a result.

The full disclosure requirements under IAS 19 are disclosed in the Annual Report and Accounts of Bupa.

(ii) Defined contribution pension schemes

From 1 October 2002 new employees were eligible to join The Bupa Retirement Savings Plan (the Plan), a defined contribution scheme. The pension cost to the Company in respect of the Plan equals the employer's contributions payable in the period.

The total cost charged to income of £14,227 (2012: £105,485) represents contributions payable to the Plan at rates specified in the rules of the Plan. As at 31 December 2013 contributions of £nil (2012: £nil) due in respect of the current reporting period had not been paid over to the Plan.