

**Bupa Healthcare Services Limited
(formerly Bupa Health Dialog Limited)**

(Registered number 6147791)

Annual report and financial statements

for the year ended

31 December 2014

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Bupa Healthcare Services Limited (formerly Bupa Health Dialog Limited)
Financial statements
Year ended 31 December 2014

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Bupa Healthcare Services Limited (formerly Bupa Health Dialog Limited)
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Directors' report

The directors present their annual report and the financial statements of Bupa Healthcare Services Limited (formerly Bupa Health Dialog Limited) ("the Company") for the year ended 31 December 2014.

1. Principal activities

The principal activity of the Company for the year was the provision of commissioning services and analytic services for Primary Care Trusts of the NHS.

2. Change of names

The Company changed its name to Bupa Healthcare Services Limited on 9 September 2014.

3. Results and dividends

Results

The loss for the year, after taxation, amounted to £9,000 (2013: £277,000). The Company had net assets of £821,000 (2013: £830,000).

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: £nil).

4. Directors

The directors who served during the year were as follows:

J S Picken	appointed	1 July 2014
P J Lock	appointed	1 July 2014
J M Elliott	resigned	1 July 2014
T Fletcher	resigned	30 April 2014
A M Peeler	resigned	1 July 2014
S M Los	resigned	1 July 2014

5. Conversion to International Financial Reporting Standards

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

6. 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.

7. Political and charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the year (2013: £nil).

8. Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

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Directors' report (continued)

9. Auditor

KPMG Audit Plc resigned as auditors during the year and KPMG LLP were appointed to fill the vacancy arising.

Registered Office:

By Order of the Board

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA



For and on behalf of
Bupa Secretaries Limited
Secretary

17 June 2015

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 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 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 Healthcare Services Limited (formerly Bupa Health Dialog Limited)

We have audited the financial statements of Bupa Healthcare Services Limited (formerly Bupa Health Dialog Limited) for the year ended 31 December 2014 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 auditor

As explained more fully in the statement of directors' responsibilities in respect of the directors' report and financial statements 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, 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 2014 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.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Karen Orr (Senior Statutory Auditor)

for and on behalf of

KPMG LLP

Statutory Auditor

Chartered Accountants

1 The Embankment

Neville Street

Leeds

West Yorkshire

LS1 4DW

17 June 2015

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Profit and loss account

	Note	2014 £'000	2013 £'000
Turnover		-	30
Operating expenses	2	(7)	(300)
Operating loss		(7)	(270)
Interest payable and similar charges	4	-	(108)
Loss on ordinary activities before taxation	5	(7)	(378)
Tax on loss on ordinary activities	6	(2)	101
Loss for the year		(9)	(277)

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 7 to 12 form part of these financial statements.

Bupa Healthcare Services Limited (formerly Bupa Health Dialog Limited)
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Balance sheet
as at 31 December 2014

	Note	2014 £'000	2013 £'000
Current assets			
Debtors	8	-	242
Cash at bank and in hand		852	738
		852	980
Creditors: amounts falling due within one year	9	(31)	(150)
Net assets		821	830
Shareholders' funds			
Called up share capital	10	15,200	15,200
Profit and loss account	11	(14,379)	(14,370)
Shareholders' funds	12	821	830

These financial statements were approved by the board of directors and were signed on its behalf by:



J S Picken
Director
17 June 2015

Registered number: 6147791

The accounting policies and notes on pages 7 to 12 form part of these financial statements.

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, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

(b) Going concern

The directors have reviewed the financial position of the Company, including its arrangements with group undertakings. On the basis of their assessment of the Company's financial position and resources, the directors believe that the Company is well placed to manage its business risks and that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting 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.

(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 is a wholly owned subsidiary undertaking of Bupa, a company that prepares a consolidated cash flow statement for the Bupa Group.

(e) Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business for services rendered after deducting trade discounts and Value Added Tax, where applicable. All turnover arises within the United Kingdom.

(f) Taxation and deferred taxation

The charge 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.

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Accounting policies (continued)

(g) Pension

(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 participated 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 costs of the pension contributions made to the scheme are recognised within the profit and loss account.

(ii) Defined contribution pension schemes

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

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Notes to the financial statements

1. 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 (Bupa), 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.

2. Operating expenses

	2014	2013
	£'000	£'000
Staff costs	-	209
Other operating expenses	7	91
	7	300

3. Staff costs and Directors' remuneration

(i) Staff costs

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

	2014	2013
Administration	-	4

Their aggregate remuneration comprised:

	2014	2013
	£'000	£'000
Wages and salaries	-	172
Social security costs	-	20
Other pension costs	-	17
	-	209

(ii) Directors' remuneration

The emoluments of the directors are borne entirely by other Bupa Group companies and are disclosed in the financial statements of those companies.

4. Interest payable and similar charges

	2014	2013
	£'000	£'000
Bank interest	-	108

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Notes to the financial statements (continued)

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2014	2013
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10	10

Fees for the audit of the Company represent the amount receivable by the Company's auditor. The amount may not be borne by the Company.

Fees paid to the Company's auditor, KPMG LLP, 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, disclose non-audit fees on a consolidated basis.

6. Tax on loss on ordinary activities

(i) Analysis of tax charge/(credit) in the year

	2014	2013
	£'000	£'000
Current tax		
UK corporation tax on loss for the year	(2)	(219)
Adjustments in respect of prior periods	4	(10)
Total current tax	2	(229)
Deferred tax		
Origination and reversal of timing differences	-	112
Change in tax rates	-	16
Adjustments in respect of prior periods	-	-
Total deferred tax	-	128
Total tax on loss on ordinary activities	2	(101)

(ii) Factors affecting the tax charge

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

	2014	2013
	£'000	£'000
Loss on ordinary activities before taxation	(7)	(378)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21.5% (2013:23.25%)	(2)	(88)
Effects of:		
Change in tax rates	-	(18)
Expenses not deductible for tax purposes	-	2
Transfer pricing adjustments	-	(3)
Accelerated capital allowances	-	(112)
Adjustments in respect of prior periods	4	(10)
Total current tax charge for year	2	(229)

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Notes to the financial statements (continued)

7. Investments

The Company holds an investment in Bupa CSH Limited, acquired at par in equal proportions with Central Surrey Health Limited as follows:

	Class of share	Number issued	Proportion held	Nominal value
Bupa CSH Limited	Ordinary A	50	50%	£1
	Ordinary B	50	50%	£1

Bupa CSH Limited is incorporated in England and Wales. The principal activity of Bupa CSH Limited is to tender for contracts in relation to provision of musculoskeletal healthcare services and similar services and to carry out contracts if awarded.

In the opinion of the directors the investments in the Company's subsidiary undertakings are worth at least the amount at which they are stated in the balance sheet.

8. Debtors

	2014 £'000	2013 £'000
Amounts owed by Group undertakings	-	242

9. Creditors – amounts falling due within one year

	2014 £'000	2013 £'000
Accruals and deferred income	13	35
Amounts owed to Group undertakings	18	92
Other creditors including taxation and social security	-	23
	31	150

10. Called up share capital

	2014 £'000	2013 £'000
Allotted, called up and fully paid		
152,200,001 (2013: 152,200,001) ordinary shares of £1 each	15,200	15,200

11. Reserves

Profit and loss account	£'000
At 1 January 2014	(14,370)
Loss for the year	(9)
At 31 December 2014	(14,379)

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Notes to the financial statements (continued)

12. Reconciliation of movement in shareholders' funds

	2014	2013
	£'000	£'000
Loss for the year	(9)	(277)
New shares issued	-	15,200
Net (reduction in)/addition to shareholders' funds	(9)	14,923
Opening shareholders' funds	830	(14,093)
Closing shareholders' funds	821	830

13. 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 Group banking arrangements, in respect of the overdraft of certain other Bupa Group undertakings.

(iii) Capital commitments

The Company has no outstanding capital commitments at the end of either year.

14. Pensions

The Bupa Group operates defined benefit and defined contribution pension schemes for the benefit of employees. The Bupa Pension 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 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 Bupa Pension Scheme was closed to new entrants from 1 October 2002. Under this scheme, contributions by employees and the Bupa Group are administered by trustees in funds independent of the 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 2014 has not been finalized as at year-end.

The Bupa Pension Scheme was valued as at 31 December 2014 under the requirements of International Accounting Standard No 19: Employee Benefits (IAS 19) as the Group prepares its consolidated financial statements under International Financial Reporting Standards. This valuation showed a surplus before deferred tax of £348.6 million (2013: £127.5million) with assets of £1,637.5million (2013: £1,286.6million) and liabilities of £1,288.9million (2013: £1,159.1million), 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 surplus on a consistent and reliable basis, therefore, as permitted by FRS 17, the pension contributions paid by the Company relating to this 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% (2013: 34.3%) of pensionable salaries for the year ended 31 December 2014. Included in the employer contributions is 7.0% which represents the employer pension contributions paid as part of the 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.