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## **BUPA MALTA INVESTMENTS NO.1 LIMITED**

Directors' report and financial statements  
for the year ended  
31 December 2010

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### **Registered office (UK).**

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

**Registered number: FC027418**

### **Registered office (Gibraltar).**

**International Commercial Centre  
Casemates Square  
Gibraltar**

**Registered number 93315**

## Contents

	Page
Directors' report	1
Independent auditors' report	4
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Cash flow statement	9
Accounting policies	10
Notes to the financial statements	15

## **Directors' report**

### **for the year ended 31 December 2010**

The Directors present their annual report and the audited financial statements of Bupa Malta Investments No 1 Limited ("the Company") for the year ended 31 December 2010

The Company is a limited liability Company and was incorporated on 15 November 2004 in Gibraltar, with its registered address at International Commercial Centre, Casemates Square, Gibraltar. On 17 December 2004, it was registered as an overseas company in Malta. The Company's management and control was transferred from Malta to the United Kingdom on 24 November 2006.

#### **1 Principal activities**

The principal activity of the Company for the year was that of an investment holding company.

#### **2 Business review**

The Directors consider the performance of the Company to be satisfactory. The results for the year show a profit after tax of £164,665,373 (2009 loss £304,317). The profit for the year resulted primarily from dividends received from related parties of £969,693,857 (2009 £3,300) which was offset against the provision for impairment of investment in jointly controlled entity of £766,442,129 and a release of the deferred tax asset to the statement of comprehensive income in the current year of £38,646,586.

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.

#### **Results and dividends**

The statement of comprehensive income is set out on page 7. The profit for the year, after taxation, amounted to £164,665,373 (2009 loss £304,317). The Company had net assets of £803,213,235 (2009 £803,529,649).

The Directors of the Company paid a dividend of £164,981,787 in respect of the year ended 31 December 2010 (2009 £nil).

The profit for the year of £164,665,373 (2009 loss £304,317) was transferred to reserves.

## **Directors' report (continued)**

### **for the year ended 31 December 2010**

#### **3. Directors**

Details of the present Directors and any other persons who served as a Director during the year are set out below

G M Evans  
M A Merchant  
N T Beazley  
F D Gregory (resigned 21/06/2010)  
S M Los (appointed 21/06/2010)

The Company's Articles of Association do not require the Directors to retire

G M Evans, M A Merchant, N T Beazley and S M Los have declared their interest in The British United Provident Association Limited, the ultimate parent company of Bupa Malta Investments No 1 Limited, by virtue of their employment in that company

#### **4 Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Gibraltar 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union

Under Gibraltar 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 and 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 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 confirm that they have complied with the above requirements in preparing the financial statements and that International Financial Reporting Standards as adopted by the European Union have been applied in their preparation

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 and other applicable legislation. 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

## **Directors' report (continued)** **for the year ended 31 December 2010**

### **5 Auditors**

The auditors, PricewaterhouseCoopers Limited, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting



**G M Evans**  
**Director**

Registered office (UK)

Bupa House  
15 – 19 Bloomsbury Way  
London  
WC1A 2BA

25 March 2011



**N T Beazley**  
**Director**

Registered office (Gibraltar)

International Commerce Centre  
Casemates Square  
Gibraltar



**Independent auditors' report to the members of  
Bupa Malta Investments No.1 Limited**

**Report on the financial statements**

We have audited the financial statements of Bupa Malta Investments No 1 Limited for the year ended 31 December 2010 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the related accounting policies and notes. These financial statements have been prepared under the accounting policies set out therein.

**Directors' responsibilities for the financial statements**

The directors are responsible for the preparation and true and fair presentation of these financial statements in accordance with applicable law in Gibraltar and International Financial Reporting Standards as adopted for use in the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditors' responsibilities**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the financial statements give a true and fair view in accordance with International Financial Reporting Standards as adopted for use in the European Union, of the state of the company as at 31 December 2010 and of its profit for the year then ended.

*PricewaterhouseCoopers Limited, International Commercial Centre, Casemates Square, Gibraltar*  
T +350 200 73520, F +350 200 48267, [www.pwc.gi](http://www.pwc.gi)

Directors: Edgar C. Lavarello, Colin Vaughan, Barry Pittans  
Registered in Gibraltar: Number 94799



**Independent auditors' report to the members of  
Bupa Malta Investments No.1 Limited - continued**

**Report on other legal and regulatory requirements**

In addition to reporting on the financial statements, Gibraltar legal and regulatory requirements also require us to:

- (a) Report to you in our opinion as to whether the financial statements have been properly prepared in accordance with the Companies Act, the Companies (Accounts) Act 1999, the Companies (Consolidated Accounts) Act 1999, and other applicable legislation.
- (b) State in our report whether in our opinion the information given in the directors' report is consistent with the financial statements.

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

**Opinion**

In our opinion the financial statements have been properly prepared in accordance with the Companies Act, the Companies (Accounts) Act 1999, the Companies (Consolidated Accounts) Act 1999 and other applicable legislation and the information given in the directors' report is consistent with the financial statements.

We have nothing to report to you in respect of our responsibility set out in (c) above.

Other matters

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Section 182 of the Companies Act and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

A handwritten signature in black ink, appearing to read 'Barry Pillans'.

Barry Pillans  
Statutory auditor  
for and on behalf of  
PricewaterhouseCoopers Limited

25 March 2011

## Statement of financial position

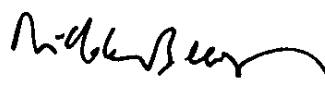
As at 31 December 2010

	note	2010 £	2009 £
<b>Non-current assets</b>			
Investment in jointly controlled entity	3	23	766,442,152
Investment in associate	4	3,125,000	3,125,000
Available-for-sale investments	5	50,000	50,000
Deferred tax asset	14	785,296	39,432,199
		<b>3,960,319</b>	<b>809,049,351</b>
<b>Current assets</b>			
Trade and other receivables	6	968,690,657	46,027,596
Cash and cash equivalents	7	1,600	71,496
Current income tax asset		317	-
		<b>968,692,574</b>	<b>46,099,092</b>
<b>Total assets</b>		<b>972,652,893</b>	<b>855,148,443</b>
<b>Current liabilities</b>			
Trade and other payables	10	169,439,658	51,618,794
		<b>169,439,658</b>	<b>51,618,794</b>
<b>Net current assets/(liabilities)</b>		<b>799,252,916</b>	<b>(5,519,702)</b>
<b>Net assets</b>		<b>803,213,235</b>	<b>803,529,649</b>
<b>Equity</b>			
Share capital	8	7,000	7,000
Share premium	9	802,755,652	802,755,652
Retained earnings		450,583	766,997
<b>Equity attributable to owners of the Company</b>		<b>803,213,235</b>	<b>803,529,649</b>

These financial statements were approved by the Board of Directors on 25 March 2011 and were signed on its behalf by



G M Evans  
Director



N T Beazley  
Director

Registered number: FC027418

The accounting policies and notes on pages 10 to 23 form part of these financial statements



## Statement of comprehensive income for the year ended 31 December 2010

	note	2010 £	2009 £
<b>Continuing operations</b>			
Other income	11	969,693,857	3,300
Administrative expenses	12	(3,425)	(25)
<b>Operating profit</b>		<b>969,690,432</b>	<b>3,275</b>
Provision for impairment of investment in jointly controlled entity	3	(766,442,129)	-
Interest receivable		269,681	1,326,687
Interest payable		(206,025)	(780,829)
<b>Profit on continuing activities before taxation</b>		<b>203,311,959</b>	<b>549,133</b>
Taxation on profit on continuing activities	13	(38,646,586)	(853,450)
<b>Profit/(loss) for the year</b>		<b>164,665,373</b>	<b>(304,317)</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>164,665,373</b>	<b>(304,317)</b>
<b>Attributable to</b>			
Equity holders of the Company		<b>164,665,373</b>	<b>(304,317)</b>

The accounting policies and notes on pages 10 to 23 form part of these financial statements

## Statement of changes in equity

for the year ended 31 December 2010

	note	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 January 2009	8, 9	7,000	802,755,652	1,071,314	<b>803,833,966</b>
Loss for the year		-	-	(304,317)	<b>(304,317)</b>
<b>Balance at 31 December 2009</b>	<b>8, 9</b>	<b>7,000</b>	<b>802,755,652</b>	<b>766,997</b>	<b>803,529,649</b>
Profit for the year		-	-	164,665,373	<b>164,665,373</b>
Dividends payable	16	-	-	(164,981,787)	<b>(164,981,787)</b>
<b>Balance at 31 December 2010</b>	<b>8, 9</b>	<b>7,000</b>	<b>802,755,652</b>	<b>450,583</b>	<b>803,213,235</b>

The accounting policies and notes on pages 10 to 23 form part of these financial statements

## Cash flow statement

for the year ended 31 December 2010

	note	2010 £	2009 £
<b>Cash flows from operating activities</b>			
Cash used in operations	15	(3,425)	(25)
Dividends received		969,693,457	3,300
<b>Net cash generated from operating activities</b>		<b>969,690,032</b>	<b>3,275</b>
<b>Cash flows from investing activities</b>			
Net loans to Group undertakings		(930,135,954)	-
<b>Net cash used in investing activities</b>		<b>(930,135,954)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(164,981,787)	-
Net loans from Group undertakings		125,357,813	-
Repayment of short-term borrowings		-	(34,151)
<b>Net cash used in financing activities</b>		<b>(39,623,974)</b>	<b>(34,151)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(69,896)</b>	<b>(30,876)</b>
Cash and cash equivalents at beginning of the year		71,496	102,372
<b>Cash and cash equivalents at the end of the year</b>	7	<b>1,600</b>	<b>71,496</b>

The accounting policies and notes on pages 10 to 23 form part of these financial statements

## **Accounting policies**

### **for the year ended 31 December 2010**

The principal accounting policies are summarised below. They have been applied consistently to all the years presented, unless otherwise stated.

#### **(a) General information**

The Company is a limited liability company incorporated and domiciled in Gibraltar. The address of its registered office is International Commerce Centre, Casemates Square, Gibraltar.

#### **(b) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The financial statements are prepared under the historical cost convention.

Gibraltar legislation applied in the preparation of these financial statements are the Companies Act, the Companies (Accounts) Act 1999 and the Companies (Consolidated Accounts) Act 1999.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Exemption from consolidation**

The Company has taken advantage of the provision in the Companies (Consolidated Accounts) (Amendment) Act 2005, Section 8A, which exempts it from the requirement to prepare group accounts, as it is itself a subsidiary undertaking of The British United Provident Association Limited (Bupa), a company registered in the United Kingdom. The Company, its jointly controlled entity and its associate are all included in the consolidated accounts of the parent company.

#### **New financial reporting standards applicable to the Company for the current and future periods**

The Directors' assessment is that the adoption of the new standards applicable to the current and future period will have no material impact on the financial statements of the Company.

#### **(c) Foreign currencies**

##### **Functional and presentational currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Pound Sterling, which is the Company's functional and presentational currency.

## **Accounting policies (continued)**

### **for the year ended 31 December 2010**

#### **(c) Foreign currencies (continued)**

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the available-for-sale reserve in equity.

#### **(d) Investment in jointly controlled entity**

Investment in jointly controlled entity is accounted for by the cost method of accounting. Provisions are recorded where, in the opinion of the Directors, there is long term impairment in value. Where there has been a permanent impairment in the value of an investment, it is recognised as an expense in the period in which the impairment is identified.

The results of jointly controlled entities are reflected in these financial statements only to the extent of dividends receivable.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

#### **(e) Investment in associated undertaking**

Investment in associated undertaking is accounted for by the cost method of accounting. These are undertakings over which the Company has between 20% and 50% of the voting rights, or over which the Company exercises significant influence, but which it does not control. Provisions are recorded where, in the opinion of the Directors, there is long term impairment in value. Where there has been a permanent impairment in the value of an investment, it is recognised as an expense in the period in which the impairment is identified.

The results of associated undertakings are reflected in these financial statements only to the extent of dividends receivable.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

#### **(f) Available-for-sale investments**

Available-for-sale financial assets are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

## **Accounting policies (continued)**

### **for the year ended 31 December 2010**

#### **(f) Available-for-sale investments (continued)**

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in equity

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities

Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the Company's right to receive payments is established

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value less any impairment on the financial asset previously recognised in profit or loss, is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

#### **(g) Impairment of assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

#### **(h) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the statement of comprehensive income.

#### **(i) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities on the balance sheet.

## **Accounting policies (continued)**

**for the year ended 31 December 2010**

### **(j) Share capital**

Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds

### **(k) Trade payables**

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method

### **(l) Other financial instruments**

The Company's financial liabilities, other than those referred to in the accounting policies, are classified as liabilities which are not held for trading ("other liabilities") under International Accounting Standard 39 (Financial Instruments Recognition and Measurement), and are measured at cost, that is, the face value of such instruments

### **(m) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously

### **(n) Taxation and deferred taxation**

The Company is managed and controlled in the UK and is therefore subject to taxation in the UK on the profits of the Company

The Company is not tax resident in Gibraltar and accordingly is not subject to Gibraltar taxation

Income tax on the surplus or deficit for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity

Current tax is the expected tax payable on the taxable surplus for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous periods

Deferred tax is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not recognised, goodwill not deductible for tax purposes and the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

## **Accounting policies (continued)**

**for the year ended 31 December 2010**

### **(o) Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not of an outflow of resources will be required to settle obligations, and the amount has been reliably estimated

### **(p) Revenue recognition**

#### **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest rate method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

#### **Dividend income**

Dividend income is recognised when the right to receive payment is established.

### **(q) Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.



## Notes to the financial statements for the year ended 31 December 2010

### 1. Financial risk management

The Company's activities expose it to a variety of financial risks market risks (including currency risk and cash flow interest rate risk) credit risk and liquidity risk

#### (a) Market risk

##### (i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments which are denominated in a currency that is not the Company's functional currency As at 31 December 2010, the currency exposure was £nil (2009 £nil) and the Company did not have any hedging policy with respect to foreign exchange as exposure to such risks was not considered to be significant by the Directors

##### (ii) Interest rate risk

The Company's ability to meet its future obligations are not significantly impacted by changes in market interest rates As at 31 December 2010, the Company did not have any hedging policy with respect to interest rate risks as exposure to such risks was not considered to be significant by the Directors (2009 £nil) Exposure to interest rate risk is detailed in notes 6 and 10

#### (b) Credit risk

The Company does not have any concentration of credit risk Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of cash at bank The Company's cash is placed with quality financial institutions which are all rated at least AA (2009 AA) by key ratings agencies Trade and other receivables consist of amounts due from Group undertakings, with no history of default No amounts were past due or impaired

#### (c) Liquidity risk

The Company does not have any significant concentrations of liquidity risk Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities The Company aims to maintain flexibility in funding by keeping committed lines available

#### (d) Fair value estimation

The methods determining the fair values of financial assets are set out in the above policies The fair values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values

#### (e) Capital risk management

The Company's objectives, policies and processes for managing its capital are in accordance with those of the Group and as described above The Company has no external capital requirements

## Notes to the financial statements (continued)

for the year ended 31 December 2010

### 2. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies. The estimates and assumptions are based on historical experience and other related variables, updated to reflect current trading performance. The estimates and assumptions are reviewed on an ongoing basis and are considered prudent and appropriate but actual results may differ from these estimates.

In the opinion of the Directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of International Accounting Standards 1 Presentation of Financial Statements (revised).

A provision for impairment was raised against the investment in jointly controlled entity to reflect the investment at its net asset value. This value is deemed to be appropriate due to the fact that the jointly controlled entity is in the process of being made dormant.

### 3. Investment in jointly controlled entity

	2010 £	2009 £
At beginning of the year	766,442,152	766,442,152
Provision for impairment of investment in jointly controlled entity	(766,442,129)	-
At end of the year	23	766,442,152

The Company's share of the results of its jointly controlled entity, which is unlisted, and its share of the assets and liabilities are as follows:

Name	Country of incorporation	Current assets £	Non-current assets £	Current liabilities £	Income £	Expense £
<b>31 December 2010</b>						
Bupa Blackbird Investments LLP	United Kingdom	33	971,529,746	(970,099,081)	14,777,749	-
<b>31 December 2009</b>						
Bupa Blackbird Investments LLP	United Kingdom	20,222	959,533,585	(111,226)	18,031,241	-

The principal jointly controlled entity at 31 December 2010 is shown below:

Name	Registered office	Class of shares held	Percentage of shares held	
			2010 %	2009 %
Bupa Blackbird Investments LLP	15 – 19 Bloomsbury Way, London, WC1A 2BA	£1 ordinary shares	92	92

The aggregate of capital and reserves as at 31 December 2010 was £1,559,447 (2009 £1,042,872,369) net of dividends paid of £1,057,420,524 (2009 £nil) and the profit for the year was £16,107,602 (2009 £19,599,175).

## Notes to the financial statements (continued)

### for the year ended 31 December 2010

#### 4. Investment in associate

	2010 £	2009 £
At beginning of the year	3,125,000	3,125,000
At end of the year	3,125,000	3,125,000

The Company's share of the results of its principal associate, which is unlisted, and its share of the assets and liabilities (including goodwill and liabilities) are as follows

Name	Country of incorporation	Current assets £	Non- current assets £	Current liabilities £	Income £	Expense £
<b>31 December 2010</b>						
Bupa Guernsey LLP	United Kingdom	-	4,715,704	-	1,546,616	-
<b>31 December 2009</b>						
Bupa Guernsey LLP	United Kingdom	114	4,168,973	-	11,878	-

The principal associate undertaking at 31 December 2010 is shown below

Name	Registered office	Class of shares held	Percentage of shares held	
			2010 %	2009 %
Bupa Guernsey LLP	15 – 19 Bloomsbury Way, London, WC1A 2BA	£1 ordinary shares	50	50

The aggregate of capital and reserves as at 31 December 2010 was £9,431,406 (2009 £8,338,174) net of a dividend paid of £2,000,000 (2009 £nil) and the profit for the year was £1,093,232 (2009 £23,755)

## Notes to the financial statements (continued)

for the year ended 31 December 2010

### 5 Available-for-sale investments

Investment	Registered Office	No and class of shares	2010 £	2009 £
Bupa Australian Finance Limited	15 – 19 Bloomsbury Way, London, WC1A 2BA	10,000 £1 non redeemable B preference shares	10,000	10,000
Bupa Care Homes (ANS) Limited	15 – 19 Bloomsbury Way, London, WC1A 2BA	10,000 £1 non redeemable B preference shares	10,000	10,000
Plainprime Limited	15 – 19 Bloomsbury Way, London, WC1A 2BA	10,000 £1 non redeemable B preference shares	10,000	10,000
Bupa Europe Finance Limited	15 – 19 Bloomsbury Way, London, WC1A 2BA	10,000 £1 non redeemable B preference shares	10,000	10,000
Bupa IT Services Limited (In Liquidation)	15 – 19 Bloomsbury Way, London, WC1A 2BA	10,000 £1 non redeemable B preference shares	10,000	10,000
			<b>50,000</b>	<b>50,000</b>

The fair value of the available-for-sale investments is deemed to be equal to cost

### 6 Trade and other receivables

	2010 £	2009 £
<b>Current</b>		
Amounts owed by Group undertakings	<b>968,690,657</b>	<b>46,027,596</b>

Amounts owed by Group undertakings (except intercompany loans and current accounts) are unsecured with interest being charged at LIBOR and are repayable on demand. Intercompany loans of £nil (2009 £46,027,596) are unsecured with interest being charged at LIBOR plus 50 basis points and repayable on demand. Intercompany loans at 31 December 2009 were settled in 2010. Current accounts of £968,690,657 (2009 £nil) are unsecured, interest free and repayable on demand.

### 7 Cash and cash equivalents

	2010 £	2009 £
Cash at bank and in hand	<b>1,600</b>	<b>71,496</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2010

### 8 Share capital

	2010 £	2009 £
<b>Authorised</b>		
8,000 ordinary shares of £1 each	8,000	8,000
<b>Allotted, called-up and fully paid</b>		
7,000 ordinary shares of £1 each	7,000	7,000

### 9. Share premium

	2010 £	2009 £
At beginning of year	802,755,652	802,755,652
At the end of year	802,755,652	802,755,652

### 10 Trade and other payables

	2010 £	2009 £
<b>Current</b>		
Amounts owed to Group undertakings	169,439,658	51,618,794

Amounts owed to Group undertakings (except intercompany loans and current accounts) are unsecured with interest being charged at LIBOR and are repayable on demand. Intercompany loans of £4,676,755 (2009 £43,875,820) are unsecured, interest free (2009 interest charged at LIBOR plus 15 basis points) and repayable on demand. Amounts owed to Group undertakings at 31 December 2009 were settled in 2010. Current accounts of £164,762,903 (2009 £7,742,974) are unsecured, interest free and repayable on demand.

### 11 Other income

	2010 £	2009 £
Dividend income	969,693,857	3,300

## Notes to the financial statements (continued)

### for the year ended 31 December 2010

#### 12 Administrative expenses by nature and staff costs

	2010	2009
	£	£
Other expenses	3,425	25
<b>Total administrative expenses</b>	<b>3,425</b>	<b>25</b>

The audit fee in 2010 of £33,166 (2009 £32,200) will not be borne by the Company

No persons were employed by the Company during the year (2009 £nil)

The Company's Directors are employed by other Group companies. No recharges were made to the Company for their services during the year (2009 £nil)

#### 13 Tax on profit on ordinary activities

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

	2010	2009
	£	£
<b>Current tax</b>		
UK corporation tax on profit	-	5,194,464
Adjustments in respect of prior periods		
- UK corporation tax	(317)	689,657
<b>Total current tax (credit)/charge</b>	<b>(317)</b>	<b>5,884,121</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	38,646,903	(5,030,671)
<b>Total deferred tax charge/(credit)</b>	<b>38,646,903</b>	<b>(5,030,671)</b>
<b>Total tax on profit on ordinary activities</b>	<b>38,646,586</b>	<b>853,450</b>

## Notes to the financial statements (continued) for the year ended 31 December 2010

### 13 Tax on profit on ordinary activities (continued)

#### (ii) Reconciliation of 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 profit before tax are as follows

	2010 £	2009 £
<b>Profit on ordinary activities before taxation</b>	<b>203,311,959</b>	<b>549,133</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2009 28%)	56,927,349	153,757
Effects of		
Changes in tax rate	(1,380,247)	-
Non taxable income	(231,487,446)	-
Expenses not deductible for tax purposes	218,704,504	-
Transfer pricing adjustment	935	10,960
Adjustments to tax charge in respect of prior periods	-	689,657
Dividends received from UK preference shares	-	(924)
Group relief not paid for	(4,118,509)	-
<b>Total current tax charge for year</b>	<b>38,646,586</b>	<b>853,450</b>

The tax charge in future periods may be affected by a reduction in the standard UK corporation tax rate from 28% to 27%

### 14. Deferred tax asset

	2010 £	2009 £
At beginning of the year	39,432,199	34,401,528
(Charged)/credited to the statement of comprehensive income	(38,646,903)	5,030,671
<b>At end of the year</b>	<b>785,296</b>	<b>39,432,199</b>

A deferred tax asset was recognised in prior years in respect of timing differences on taxable profits generated within the Company's investments. In 2010, £38,646,903 was released to the statement of comprehensive income

### 15 Cash used in operations

	2010 £	2009 £
<b>Profit on ordinary activities before taxation</b>	<b>203,311,959</b>	<b>549,133</b>
Adjustments for		
Dividend income	(969,693,857)	(3,300)
Interest income	(269,681)	(1,326,687)
Intercompany interest payable	206,025	780,829
Provision for impairment in jointly controlled entity	766,442,129	-
<b>Cash used in operations</b>	<b>(3,425)</b>	<b>(25)</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2010

### 16. Dividends per share

	2010 £	2009 £
Dividends paid during the year	164,981,787	-
Dividends per share	23,569	-

A dividend of £164,981,787 was paid during the year to the shareholders of the Company

### 17. Related party transactions

Bupa Malta Investments No 1 Limited forms part of The British United Provident Association Limited Group. All companies forming part of The British United Provident Association Limited Group are considered to be related parties since the companies are all ultimately controlled by the same shareholders.

During the year, related party transactions relate to

- The current account with Bupa Investments Limited of £7,742,974 was settled
- The loan owing to Bupa Finance Plc of £43,875,820 was settled
- The loan owing from Bupa Investments Limited of £46,027,596 was settled
- An interest free loan of £295,980 owing from Bupa Investments Limited was entered into of which the full amount was repaid during the year
- A dividend of £164,981,787 was paid to Bupa Investments Limited
- Dividends amounting to £968,690,657 were received from Bupa Blackbird LLP, dividends amounting to £800 were received from Bupa Australian Finance, dividends amounting to £2,400 were received from Bupa Europe Finance and a dividend of £1,000,000 was received from Bupa Guernsey LLP
- An interest free loan of £5,754,651 owing to Bupa Guernsey LLP was entered into of which £1,077,896 was repaid during the year

As at 31 December 2010 the Company had the following balances outstanding with other Group companies

- £968,690,657 owing from Bupa Blackbird LLP in respect of an intercompany current account
- £164,762,903 owing to Bupa Investments Limited in respect of an intercompany current account
- £4,676,755 owing to Bupa Guernsey LLP in respect of an intercompany loan (interest free)

During 2009, related party transactions relate to

- The current account with Bupa Finance Plc of £35,706,781 was capitalised into a loan
- A dividend of £1,300 was received from Bupa Europe Finance Limited, £500 was received from Bupa Australian Finance, £500 was received from Plainprime Limited, £500 was received from Bupa Care Homes (ANS) Limited and £500 was received from Bupa IT Services Limited
- The current account of £515 against Bupa Blackbird LLP and the current account of £33,635 against Bupa Finance Plc were cash settled



## **Notes to the financial statements (continued)**

### **for the year ended 31 December 2010**

#### **17 Related party transactions (continued)**

As at 31 December 2009 the Company had the following balances outstanding with other Group companies

- £46,027,596 owing from Bupa Investments Limited in respect of an intercompany loan and interest
- £7,742,974 owing to Bupa Investments Limited in respect of the intercompany current account
- £43,875,820 owing to Bupa Finance Plc in respect of the interest accrual and intercompany loan

#### **18 Immediate and ultimate parent company**

The immediate parent undertaking of the Company is Bupa Investments Limited, a company incorporated in England and Wales

The ultimate parent undertaking of the Company, and the group into which these financial statements are consolidated, is The British United Provident Association Limited, a company incorporated in England and Wales

A copy of the consolidated accounts of this company can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ

#### **19 Subsequent events**

On 17 November 2010, the Directors paid a dividend of £203,981,787 to its parent company, Bupa Investments Limited. It was agreed after the year end to amend the dividend amount by £39,000,000 to £164,981,787 and to reflect this in the financial statements of both entities at the year end 31 December 2010

# OS AA01

## Statement of details of parent law and other information for an overseas company



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☒ **What this form is for**  
You may use this form to  
accompany your accounts  
disclosed under parent law

☒ **What this form is NOT for**  
You cannot use this form to  
an alteration of manner of  
with accounting requirements

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15/06/2011  
COMPANIES HOUSE

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### Part 1 Corporate company name

Corporate name of  
overseas company ①

BUPA MALTA INVESTMENTS NO 1 LIMITED

If the company has already been registered in the UK, please enter the  
establishment number below

UK establishment  
number ②

B R

→ **Filling in this form**  
Please complete in typescript or in  
bold black capitals

All fields are mandatory unless  
specified or indicated by \*

① This is the name of the company in  
its home state

② This should only be completed if  
the company has already been  
registered in the UK

### Part 2 Statement of details of parent law and other information for an overseas company

#### A1 Legislation

Please give the legislation under which the accounts have been prepared and,  
if applicable, the legislation under which the accounts have been audited

Legislation ③

GIBRALTAR

③ This means the relevant rules or  
legislation which regulates the  
preparation and, if applicable, the  
audit of accounts

#### A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted  
accounting principles?

Please tick the appropriate box

☐ **No** Go to Section A3

☒ **Yes.** Please enter the name of the organisation or other  
body which issued those principles below, and then go to Section A3

④ Please insert the name of the  
appropriate accounting organisation  
or body

Name of organisation  
or body ④

INTERNATIONAL ACCOUNTING STANDARDS BOARD

#### A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

☐ **No** Go to Section A5

☒ **Yes.** Go to Section A4

**OS AA01****Statement of details of parent law and other information for an overseas company****A4****Audited accounts**

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

☐ **No** Go to **Part 3 'Signature'**☒ **Yes** Please enter the name of the organisation or other body which issued those standards below, and then go to **Part 3 'Signature'**

① Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ①

INTERNATIONAL FINANCIAL REPORTING STANDARDS

**A5****Unaudited accounts**

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

☐ **No**☐ **Yes.****Part 3****Signature**

I am signing this form on behalf of the overseas company

Signature

Signature

**X**Authorised Signatory  
of BUPA Secretaries Limited

ES

**X**This form may be signed by  
~~Director, Secretary, Permanent representative.~~

**Presenter information**

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name **TRACEY CROSIER**

Company name **BUPA**

Address **15-19 BLOOMSBURY WAY**

Post town **LONDON**

County/Region

Postcode **W C 1 A 2 B A**

Country **ENGLAND**

DX

Telephone **0207 656 2310**

**Checklist**

**We may return forms completed incorrectly or with information missing**

**Please make sure you have remembered the following:**

- ☐ The company name and, if appropriate, the registered number, match the information held on the public Register
- ☐ You have completed all sections of the form, if appropriate
- ☐ You have signed the form

**Important information**

**Please note that all this information will appear on the public record**

**Where to send**

**You may return this form to any Companies House address:**

**England and Wales:**

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

**Scotland:**

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

**Northern Ireland:**

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG  
DX 481 N R Belfast 1

**Further information**

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

**This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)**