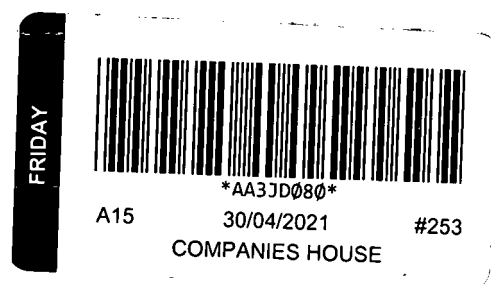


**BUPA INVESTMENTS LIMITED**

**(Registered number 902253)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED**

**31 DECEMBER 2020**



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## **Strategic report**

### **for the year ended 31 December 2020**

The Directors present their Strategic Report for Bupa Investments Limited ("the Company") for the year ended 31 December 2020.

#### **Business Review**

The Directors consider the performance of the Company during the year to be satisfactory with the company recording a profit in the year

The results of the Company show a profit before taxation of £22m (2019: £38m loss). The £60m increase in profit before taxation is attributed to £40m expense in 2019 relating to impairment of strategic investments (HealthTap), £20m increase in dividends received from other group companies and £5m of higher interest income from related parties. These movements were offset by £8m increase in impairment provisions on subsidiary investments, mainly on Bupa Occupational Health Limited and £3m of higher interest payable to related parties. Profit after tax were £15m.

The Company's net assets increased by £15m to £893m (2019: £878m). Long term lending to group undertakings decreased by £461m mainly on repayment of a loan by Bupa Finance plc offset by interest capitalisation on the loan. Creditors falling due within one year decreased by £511m on repayment of loans to Bupa Investments Overseas Limited and Bupa International Markets Limited offset by increase in liquidity lines and FX movements.

#### **Principal risks and uncertainties**

The Company is subject to a number of uncertainties and risks. These risks and uncertainties include interest rate and foreign exchange rate fluctuations driven by external market influences, as well as the uncertainty of timing of cash generation and funding requirements within other Group companies. The Company's management determines that these risks and uncertainties are managed effectively where possible and are reviewed on a regular basis in line with Bupa Group policies.

Details of the Bupa Group's business risks and risk management processes are set out in Annual Report of the ultimate parent company, The British United Provident Association Limited ("Bupa"). The Bupa Group consists of Bupa and its direct and indirect subsidiary entities. No formal key performance indicators are used or monitored, however the Directors recognise the role of the Company and thus monitor performance with respect to the solvency of the Company, the underlying performance of the investments and therefore the valuation of the investments in the balance sheet.

Since 11 March 2020 when the World Health Organisation (WHO) declared the Coronavirus (COVID-19) outbreak as a global pandemic, the consequences of this have not materially adversely affected the operations or financial results of the Company. The Company has invested in the required assets to ensure all employees are able to work remotely, which has also meant the supporting functions of the business have continued as normal. The Company places paramount importance on the safety and wellbeing of employees and has ensured that all company premises are COVID secure.

Registered office:

1 Angel Court  
London EC2R 7HJ

1 March 2021

By Order of the Board



M Potkins  
Director

## **Directors' report**

### **for the year ended 31 December 2020**

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2020.

#### **Principal activities**

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

#### **Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020 (2019: £nil).

#### **Going concern**

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.

#### **International Financial Reporting Standards and Financial Reporting Requirements**

The ultimate parent undertaking, Bupa, has prepared Group accounts in accordance with International Financial Reporting Standards in accordance with the Companies Act 2006. The Company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards. As the Company is a wholly owned subsidiary undertaking of Bupa, the Company qualifies for application of Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"), which has been adopted for these financial statements. FRS 101 uses the recognition and measurement bases of IFRS, while allowing exemptions from a number of disclosures required by full IFRS.

#### **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  
C A Richardson  
M Potkins (appointed 1 January 2021)  
J Linton  
G H Roberts

#### **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.

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

### **for the year ended 31 December 2020**

#### **Workforce engagement**

##### **Culture and our people**

The Bupa Board is responsible for establishing Bupa's purpose, values and strategy and ensuring that our culture is aligned to these at all levels of the organisation. In order to do our best for our customers, we need to take care of our people and this will lead to strong and sustainable performance for the benefit of our purpose of helping people live longer, healthier, happier lives.

Our culture is shaped by our values and the Bupa Code which sets out what we expect from our people to help them live our values and achieve our purpose. The Bupa Board endorses a number of leadership imperatives, encompassing a set of competencies specific to customers, people, performance and purpose. These competencies help our senior leaders across the business to deliver performance through putting customers at the heart of everything we do and helping our people be at their best. All employees are required to complete mandatory training on the Bupa Code and other areas including information security and privacy, risk management, conflicts of interest and financial crime.

The Bupa Board monitors behaviours in a number of ways including:

- measuring our people's engagement level through our People Pulse survey tool and considering recommendations to management in response to the survey results
- considering bi-annually the level of, and themes arising from, reports received through our 'Speak Up' whistleblowing process, and receiving quarterly reports on the level and nature of customer complaints in our insurance and healthcare provision businesses
- considering, via the People Pulse survey, how our people embody Bupa's values.

##### **Engaging our people**

The UK Corporate Governance Code 2018 ('Code') requires boards to understand the views of companies' key stakeholders and recommends a number of methods for engaging with our people. We believe that our existing people engagement mechanisms and channels remain effective. The restrictions imposed by the COVID-19 pandemic required us to adapt our engagement plans to reflect the inability to meet in person and to leverage electronic communications. The Bupa Board was pleased to note that, in October, Bupa was ranked as one of the world's best employers in Forbes' annual list, which asked participants to rate their satisfaction with their employers' response to the pandemic and score their employers on gender equality and social responsibility. Engagement methods during 2020 are described in more detail below.

##### **Listening**

Bupa listens to its people and promotes a positive, flexible working environment and a diverse and inclusive culture so everyone can be their authentic selves at work. Our People Pulse survey tool provides sophisticated insights and benchmarking with other companies, so we can learn and listen to what is of interest or concern to our people and act, where appropriate, on what our people are telling us.

We want our people to see the Bupa Board as accessible and approachable. In normal circumstances, site visits for the Bupa Board as a whole, or for individual or small groups of Directors, would be scheduled on a regular basis. These visits provide an invaluable opportunity for our people to ask questions directly to the Bupa Board and for the Bupa Board Directors to gain an insight into the issues important to our people in different parts of the business. This helps enhance decision-making and consideration of the longer-term impact of the Bupa Board's decisions on our people. Given the continued restrictions on travel, these sessions are now being arranged virtually, so far as practicable.

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

### **for the year ended 31 December 2020**

#### **Workforce engagement (continued)**

The restrictions imposed as part of the global response to the pandemic meant that pre-arranged site visits planned by the Bupa Board were paused. However, as the pandemic developed, the Bupa Board made sure that it was appraised of management's additional efforts to support employee health and wellbeing and to engage and listen to our people throughout Bupa.

The existing proactive programme of internal communications via email, the intranet, presentations, and internal social media platforms was adapted to cover pandemic-related, as well as 'business as usual' issues. Employee forums remained in place for areas such as training and development, IT and security and for local office issues.

#### **Inclusion and Diversity**

The Bupa Board sets the 'tone from the top' concerning inclusion and diversity. We strive to be an inclusive and diverse organisation that welcomes everyone of all beliefs, talents and backgrounds. In 2020, we strengthened our approach to inclusion and diversity, published on bupa.com. Our approach focuses on creating inclusive cultures, leadership and practices. It is globally set and locally owned, where each market has its own priority areas of focus. We believe that teams of greater diversity provide us with the best opportunity to solve the business and social challenges that we face. And we have no tolerance for racism or discrimination of any kind.

Our approach to inclusion and diversity supports our ESG agenda and is sponsored by two members of the Bupa Executive team who sit on Bupa's Inclusion & Diversity steering committee. The Bupa Board also has a Board Diversity Policy, which was updated in December 2020.

#### **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 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.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

#### **Auditor**

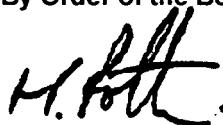
Subject to approval by the Company's shareholders, it is proposed that PricewaterhouseCoopers LLP will be appointed as the Company's auditor for the audit of the financial year ending 31 December 2021.

Registered office:

1 Angel Court  
London  
EC2R 7HJ

1 March 2021

By Order of the Board



**M Potkins**  
Director

## **Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements**

The directors are responsible for preparing the Strategic Report, 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), including FRS 101 *Reduced Disclosure Framework*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 Investments Limited**

## **Opinion**

We have audited the financial statements of Bupa Investments Limited ("the company") for the year ended 31 December 2020 which comprise the Profit and Loss Account, Statement of Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- Reading Board minutes.



We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the nature of the company's income, principally being dividends and interest income on loans from group undertakings, both of which require limited judgement in determining the appropriate recognition point.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries with specific comments assessed as higher risk.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

This company, as a holding company, is not subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;

- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

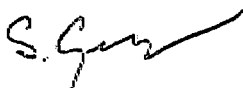
#### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

#### **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Shaun Gealy (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*  
3 Assembly Square,  
Britannia Quay,  
Cardiff, CF10 4AX  
2 March 2021

## Profit and loss account for the year ended 31 December 2020

	Note	2020 £m	2019 £m
Income from investment activities	2	52.7	9.2
Interest payable and similar expenses	3	(8.6)	(11.8)
Other interest receivable and similar income	4	0.9	0.3
Impairment against investments in subsidiaries	8	(22.8)	(14.6)
Administrative expenses	5	(0.3)	(20.9)
<b>Profit/(loss) before taxation</b>		<b>21.9</b>	<b>(37.8)</b>
Taxation	9	(6.6)	5.9
<b>Profit/(loss) for the year</b>		<b>15.3</b>	<b>(31.9)</b>

Operating profit is derived from continuing operations.

There were no material differences between reported profits and losses and historical profits and losses before and after taxation.

## Other comprehensive income for the year ended 31 December 2020

	2020 £m	2019 £m
Profit/(loss) for the year	15.3	(31.9)
<b>Total comprehensive income/(loss) for the year</b>	<b>15.3</b>	<b>(31.9)</b>

The notes on pages 12 to 25 form part of these financial statements

## Balance sheet

as at 31 December 2020

		2020	Restated <sup>1</sup> 2019
	Note	£m	£m
<b>Non-current Assets</b>			
Plant, property and equipment	10	0.6	0.8
Investments	11	1,341.6	1,821.9
		<b>1,342.2</b>	<b>1,822.7</b>
<b>Current assets</b>			
Debtors	12	131.4	154.9
Cash at bank and in hand		2.2	2.9
Derivative financial assets	16	0.3	0.1
		<b>133.9</b>	<b>157.9</b>
<b>Current liabilities</b>			
<b>Creditors:</b> amounts falling due within one year	13	(559.9)	(1,070.5)
Overdrafts		(0.2)	(9.3)
Lease liabilities	14	(0.2)	-
Derivative financial liabilities	16	(0.1)	(0.4)
Property restoration provision		(0.1)	(0.2)
		<b>(560.5)</b>	<b>(1,080.4)</b>
<b>Net current liabilities</b>		<b>(426.6)</b>	<b>(922.5)</b>
<b>Total assets less current liabilities</b>		<b>915.6</b>	<b>900.2</b>
Lease liabilities	14	(0.6)	(1.0)
Creditors: amounts falling due after more than one year	15	(22.2)	(21.7)
<b>Net assets</b>		<b>892.8</b>	<b>877.5</b>
<b>Shareholder's funds</b>			
Called up share capital	17	136.3	136.3
Profit and loss account	18	756.5	741.2
<b>Shareholder's funds</b>		<b>892.8</b>	<b>877.5</b>

<sup>1</sup> Refer to Note 19 for details regarding restatement made as a result of changes in classification

These financial statements were approved by the Board of Directors on 1 March 2021 and were signed on its behalf by:



**G M Evans**  
**Director**  
**Registered number: 902253**

The notes on pages 12 to 25 form part of these financial statements

## Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £m	Profit and loss account £m	Total equity £m
Balance at 1 January 2020	136.3	741.2	877.5
<b>Total comprehensive income for the year</b>			
Profit for the year	-	15.3	15.3
<b>Total comprehensive income for the year</b>	-	15.3	15.3
<b>Balance at 31 December 2020</b>	<b>136.3</b>	<b>756.5</b>	<b>892.8</b>

	Called up share capital £m	Profit and loss account £m	Total equity £m
Balance at 1 January 2019	0.1	773.1	773.2
<b>Equity shares issued</b>	136.2	-	136.2
<b>Total comprehensive loss for the year</b>			
Loss for the year	-	(31.9)	(31.9)
<b>Total comprehensive loss for the year</b>	-	(31.9)	(31.9)
<b>Balance at 31 December 2019</b>	<b>136.3</b>	<b>741.2</b>	<b>877.5</b>

The notes on pages 12 to 25 form part of these financial statements

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

### **for the year ended 31 December 2020**

#### **1. Accounting policies**

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

##### **(a) Change in accounting policy**

No new accounting policies were adopted during the year

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

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

The Company is a non-trading entity, whose principal activity is that of investment holding and intercompany funding, within the Bupa Group. The Company's financial position and performance is therefore closely tied to that of the Group. The Group performance will impact the Company's solvency, underlying performance of the investments and therefore the valuation of the investments in the balance sheet.

The Company's balance sheet shows a net current liability position of £427m (2019: 923m). The Company has no external balances or dealings with parties outside the Bupa Group. As such, the Company's going concern is tied to that of the Group. The Group experienced material impacts across key business lines and geographies as a result of COVID-19. As a result of the Company being in net current liability, the Company is reliant on the continued support of the Group.

An assessment of Group's going concern, looking at Bupa's solvency, liquidity, borrowings and trading profitability in base and stress scenarios has been carried out, including assessing the impact of COVID-19 on the Group. This assessment has been considered in the context of the impact for the Company.

Having assessed the Company's financial position at 31 December 2020, performance for the year then ended and to the date of signing of the financial statements, supported by results of the going concern assessment for the Group, we have not found any evidence to suggest that the company will have difficulty in meeting future obligations.

On this basis, we have concluded that the going concern assumption remains appropriate.

The financial statements are presented in sterling, which is also the Company's functional currency.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006

Set out below are disclosures where advantage of the FRS 101 disclosure exemptions has been taken:

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- cash flow statement and related notes;
- comparative period reconciliations for investments;

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

### **for the year ended 31 December 2020**

#### **1. Accounting policies (continued)**

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

- disclosures in respect of transactions with wholly owned subsidiaries within the consolidated Group;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs; and
- the disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures, apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

##### **(c) Reclassifications and restatements**

Balances at the beginning of the earliest comparative period have been restated following the reclassification of items in the financial statements (see note 19)

##### **(d) Exemption from consolidation**

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.

##### **(e) Foreign currencies**

Transactions in foreign currencies are translated to the company's functional currency using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded at the exchange rate on transaction date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences for the translation of foreign operations, which are recognised in equity.

##### **(f) Investment income**

Dividends on equity investments are included, together with the related tax credit, in the profit and loss account on a cash basis which is not materially different from an ex-dividend basis; other investment income is recognised on an accruals basis.

##### **(g) Financial instruments**

In compliance with FRS 101, IAS 32 (Financial instruments: presentation) and IFRS 9 (Financial instruments: recognition and measurement) have been applied.

IFRS 9 Financial Instruments addresses the classification, measurement, recognition and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

As the Company is a wholly owned subsidiary undertaking of Bupa, a company that prepares consolidated accounts that apply IFRS 7 (Financial Instruments: Disclosures), the Company is exempt from producing the disclosures in accordance with FRS 101.

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

### **for the year ended 31 December 2020**

#### **1. Accounting policies (continued)**

##### **(g) Financial instruments (continued)**

##### **(i) Non-derivative financial instruments**

###### *Cash at bank and in hand*

Cash comprises of cash in hand and deposits repayable on demand, less overdrafts payable on demand.

###### *Interest bearing loans and borrowings*

Interest-bearing loans borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

###### *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are measured at cost less any provisions for impairment.

###### *Intercompany loans*

Intercompany loan investments are initially recognised at fair value and are subsequently recognised at amortised cost using the effective interest rate method less any provision for impairment.

A provision for impairment 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 net realisable value and value in use. Impairment losses are recognised in the profit and loss account.

For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

The carrying amounts of assets are reviewed at least annually. Where there is an indication that an impairment loss has decreased, any accumulated provision for impairment is reversed to reflect the carrying amount at the recoverable amount limited to the cost of the investment.

###### *Other financial investments*

Financial investments designated at fair value through profit and loss consist of investments or instruments where management makes decisions based upon their fair value.

The investments are carried at fair value, with gains and losses arising from changes in this value recognised in the profit and loss Account in the period in which they arise.

##### **(ii) Derivative financial instruments**

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the profit or loss account when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised immediately in the profit and loss account.



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

### **for the year ended 31 December 2020**

#### **1. Accounting policies (continued)**

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

The taxation expense on the profit for the year comprises current and deferred taxation. Income taxation is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised directly in the statement of comprehensive income.

Current taxation is the expected taxation payable on the taxable profit for the year, using taxation rates enacted or substantively enacted at the balance sheet date, and any adjustments to taxation payable in respect of previous years. Deferred taxation 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 amount of deferred taxation recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using taxation rates enacted or substantively enacted at the balance sheet date.

Deferred taxation is recognised on temporary differences arising on investments in subsidiary companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred taxation 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.

Trading losses surrendered to other Bupa Group subsidiary undertakings are made on a full payment basis.

##### **(i) Interest bearing borrowings**

Immediately after issue, debt is stated at fair value of the consideration received after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

##### **(j) Intangibles**

Intangibles are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangibles are reviewed for indicators of impairment annually.

## Notes to the financial statements (continued)

### for the year ended 31 December 2020

#### 1. Accounting policies (continued)

##### (k) Leases of property

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate taking into account the duration of the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method, with the finance cost charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability. It is remeasured when there is a change in future lease payments arising from a change in index or rate, or if the Company changes its assessment of whether it will exercise an extension or termination option. The lease liability is recalculated using a revised discount rate if the lease term changes as a result of a modification or re-assessment of an extension or termination option.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore properties to their original condition, less any lease incentives received. The right-of-use asset, excluding restorations costs, is typically depreciated on a straight-line basis over the lease terms. In addition, the right-of-use asset may be adjusted for certain remeasurements of the lease liability, such as indexation and market rent review uplifts. Restoration costs included in the right-of-use asset are amortised over the same term as the corresponding provision, which may be longer than the IFRS 16 contractual lease term.

The Company has elected not to recognise the right-of-use assets and lease liabilities for short-term leases that have a term of 12 months or less or leases that are of low value (£4,000). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

#### 2. Income from investment activities

	2020	2019
	£m	£m
Interest receivable from loans to Group undertakings	26.0	22.7
Impairment on financial investments	-	(19.9)
Other income from investment activities	0.6	0.1
Dividend Income	26.1	6.3
	<b>52.7</b>	<b>9.2</b>

During 2019, the Company assessed its strategic investment and concluded that the investment should be fully impaired by £20m given the very low prospect of future benefit.

#### 3. Interest payable and similar expenses

	2020	2019
	£m	£m
Interest payable on loans from Group undertakings	10.8	12.9
Bank charges and overdrafts	-	0.1
Interest expense on lease liabilities	-	0.1
Net foreign exchange (gains) / losses	(2.2)	(1.3)
	<b>8.6</b>	<b>11.8</b>

## Notes to the financial statements (continued)

for the year ended 31 December 2020

### 4. Other interest receivable and similar income

	2020	2019
	£m	£m
Interest receivable on bank balances	0.9	0.3
	<b>0.9</b>	<b>0.3</b>

### 5. Administrative expenses

	2020	2019
	£m	£m
Amortisation of intangible assets	-	1.7
Impairment of intangible assets	-	5.7
Depreciation of lease property	0.3	0.3
Termination fees	-	8.5
Subscription fees	-	4.6
Other treasury costs	-	0.1
	<b>0.3</b>	<b>20.9</b>

In prior years, the Company entered into a license agreement with HealthTap Inc, which allowed the Company access to the HealthTap Inc. platform for a period of 5 years. In 2019, the Company assessed the investment for impairment and concluded that it was unlikely to provide a future benefit. The outstanding unamortised fees were then fully written off.

### 6. Auditor's remuneration

	2020	2019
	£	£
Audit fee	23,760	60,000
	<b>23,760</b>	<b>60,000</b>

Fees for the audit of the Company represent the amount receivable by the Company's auditors and are included in administrative expenses.

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.

### 7. Directors' remuneration

	2020	2019
	£	£
Emoluments	42,986	42,591
Company contributions to defined contribution pension scheme	220	383
Amounts receivable under long-term incentive schemes	18,508	45,405
	<b>61,714</b>	<b>88,379</b>

During the year there were two directors who were members of a Bupa defined contribution scheme (2019: one) and one who was a member of a Bupa defined benefit pension scheme (2019: one).

## Notes to the financial statements (continued)

### for the year ended 31 December 2020

#### 8. Impairment against investments in subsidiaries

	2020 £m	2019 £m
Bupa International Markets Limited	-	3.3
Bupa Occupational Health Limited	21.5	11.3
Other subsidiaries	1.3	-
	<b>22.8</b>	<b>14.6</b>

#### 9. Taxation

##### (i) Recognised in the profit and loss account

	2020 £m	2019 £m
<b>Current taxation expense/(income)</b>		
UK taxation on income/losses for the period	3.5	(5.5)
Adjustment in respect of prior periods	3.1	(0.4)
Total current tax	6.6	(5.9)
<b>Total tax charge/(credit) for the year</b>	<b>6.6</b>	<b>(5.9)</b>

##### (ii) Reconciliation of effective tax rate

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:

	2020 £m	2019 £m
<b>Profit/Loss before taxation expense</b>	<b>21.9</b>	<b>(37.8)</b>
Tax on loss on ordinary activities at the domestic UK corporation tax rate of 19% (2019: 19%)	4.2	(7.2)
Effects of:		
Non-deductible expenses	4.6	3.1
Non-assessable income	(5.3)	(1.4)
Current income taxation adjustments in respect of prior periods	3.1	(0.4)
<b>Total current tax expense/(income) for the year</b>	<b>6.6</b>	<b>(5.9)</b>

As at 31 December 2020 the Company had deductible temporary differences relating to capital losses of £4.6m (2019: £4.6m) for which no deferred taxation asset was recognised due to uncertainty of utilisation of those temporary differences.

## Notes to the financial statements (continued)

### for the year ended 31 December 2020

#### 10. Plant property and equipment

	2020 £m	2019 £m
Opening balance	0.8	-
Adoption of IFRS16	-	1.0
Depreciation	(0.2)	(0.2)
<b>Net book value</b>	<b>0.6</b>	<b>0.8</b>

#### 11. Investments

	Subsidiary undertakings £m	Loans to Group undertakings £m	Other financial investments £m	Total £m
<b>Cost at 1 January 2020</b>	<b>1,520.5</b>	<b>1,363.2</b>	<b>5.6</b>	<b>2,889.3</b>
Additions	1.1	-	2.9	4.0
Disposals/repayments	(977.1)	(460.8)	-	(1,437.9)
Foreign exchange loss	-	-	(0.7)	(0.7)
<b>Cost at 31 December 2020</b>	<b>544.5</b>	<b>902.4</b>	<b>7.8</b>	<b>1,454.7</b>
<b>Provisions at 1 January 2020</b>	<b>(1,067.4)</b>	<b>-</b>	<b>-</b>	<b>(1,067.4)</b>
Provisions for impairment	(22.8)	-	-	(22.8)
Reversal on disposals	977.1	-	-	977.1
<b>Provisions at 31 December 2020</b>	<b>(113.1)</b>	<b>-</b>	<b>-</b>	<b>(113.1)</b>
<b>Net book value</b>				
<b>At 1 January 2020</b>	<b>453.1</b>	<b>1,363.2</b>	<b>5.6</b>	<b>1,821.9</b>
<b>At 31 December 2020</b>	<b>431.4</b>	<b>902.4</b>	<b>7.8</b>	<b>1,341.6</b>

During the year, three fully impaired subsidiary investments, Bupa Malta Investments No. 1 Limited, Bupa Malta Investments No. 2 Limited and Bupa Europe Limited were dissolved.

£23m of additional provisions for impairment against subsidiary investments were recognised mainly on Bupa Occupational Health Limited.

Loans to Group undertakings decreased by £461m (2019: £20m increase) mainly on £486m repayment made by Bupa Finance Plc as part of corporate simplification offset by interest capitalisation during the year.

#### 12. Debtors

##### Amounts falling due within one year:

	2020 £m	2019 £m
Amounts owed by Group undertakings	131.4	154.5
Trade receivables on leases	-	0.4
	<b>131.4</b>	<b>154.9</b>

## Notes to the financial statements (continued)

### for the year ended 31 December 2020

#### 13. Creditors – amounts falling due within one year

	2020	Restated 2019
	£m	£m
Accruals and deferred income	-	8.6
Corporation tax	47.1	39.3
Amounts owed to Group undertakings	512.2	1,020.4
Other creditors	0.6	2.2
	<b>559.9</b>	<b>1,070.5</b>

Balances have been restated as a result of the reclassification set out in Note 19 relating to intercompany loans. Amounts owed to group undertakings are repayable on demand.

During the year, the Company repaid a loan with Bupa Investments Overseas Limited (£486m) and with Bupa International Markets Limited (£55m). These reductions were offset by £44m increase in liquidity lines extended to the Company by other group entities and by FX movements.

#### 14. Lease liabilities

	2020	2019
	£m	£m
On 1 January	1.0	-
Adoption of IFRS 16	-	1.2
Repayments	(0.2)	(0.2)
At 31 December	<b>0.8</b>	<b>1.0</b>
Current	0.2	-
Non-current	0.6	1.0

#### 15. Creditors – amounts falling due after more than one year

	2020	Restated 2019
	£m	£m
Amounts owed to Group undertakings	22.2	21.7
	<b>22.2</b>	<b>21.7</b>

Balances have been restated as a result of the reclassification set out in Note 19 relating to intercompany loans. Amounts owed to group undertakings are repayable on the contractual maturity dates.

## Notes to the financial statements (continued)

### for the year ended 31 December 2020

#### 16. Derivative financial instruments

All derivative financial instruments are held at fair value through profit or loss, and therefore the carrying value is equal to the fair value.

	2020	2019
	£m	£m
Derivative financial assets	0.3	0.1
Derivative financial liabilities	(0.1)	(0.4)
	<b>0.2</b>	<b>(0.3)</b>

#### Valuation techniques and assumptions applied for the purposes of measuring fair value

Fair value is a market-based measurement for assets for observable market transactions where market information might be available. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the asset would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset).

#### 17. Called up share capital

	2020	2019
	£m	£m
<b>Allotted, called up and fully paid</b>		
136,279,208 (2019: 136,279,208) ordinary shares of £1 each	136.3	136.3
<b>At end of year</b>	<b>136.3</b>	<b>136.3</b>

#### 18. Reserves

	2020	2019
	£m	£m
At beginning of year	741.2	773.1
Profit/(loss) for the year	15.3	(31.9)
<b>At end of year</b>	<b>756.5</b>	<b>741.2</b>

## Notes to the financial statements (continued) for the year ended 31 December 2020

### 19. Prior period restatement

During the year an adjustment was identified in relation to the classification of certain intercompany loans held between the Company and other subsidiaries of the Bupa Group. In assessing the contractual terms of the loans, it was identified a number of loans historically classified as non-current liabilities were repayable on demand and therefore should, instead, be classified as current liabilities. The impact of this on the comparative period is set out below:

Financial statement caption	Year ending 31 Dec 2019 – as previously reported £m	Restatement £m	Year ending 31 Dec 2019 – as restated £m
Creditors: amounts falling due within one year	526.4	544.1	1,070.5
Creditors: amounts falling due after more than one year	565.8	(544.1)	21.7
Total current liabilities	536.3	544.1	1,080.4
Total assets less current liabilities	1,444.3	(544.1)	900.2

There is no impact on the prior period income statement, prior period net assets or brought forward net assets as a result of this restatement

### 20. Guarantees, contingent liabilities 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 cash pooling arrangements. The cash pooling was in a net asset position at the end of 2020.

### 21. Subsequent events

There were no adjusting or non-adjusting post balance sheet events.

### 22. Immediate and ultimate parent company

The immediate parent undertaking of the Company and the smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc, with its registered office at 1 Angel Court, London, EC2R 7HJ.

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, with its registered office at 1 Angel Court, London, EC2R 7HJ.

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 2020

#### 23. Related undertakings

In compliance with Section 409 of the Companies Act 2006, disclosed below is a list of related undertakings of the Company as at 31 December 2020, comprising subsidiaries, joint ventures, associated undertakings and other significant holdings, together with the country of incorporation, registered office address, each share class held directly or indirectly by the Company and the proportion of the nominal value of the shares of that class represented by those shares.

##### (i) Wholly owned related undertakings

Unless otherwise stated, the related undertakings listed below are wholly owned by the Company with 100% of the nominal value of each share class held directly by the Company.

Name of undertaking	Share class
<b>Turkey</b>	
<b>Küçükbakkalköy Mah. Basar Sok, No: 20 Atasehir, Istanbul, Turkey</b>	
Acibadem Grubu Sigorta Aracilik Hizmetleri A.S. <sup>1</sup>	TRY1.00 Ordinary
Bupa Acibadem Sigorta A.S. <sup>1</sup>	TRY1.00 Ordinary
<b>United Kingdom</b>	
<b>1 Angel Court, London, EC2R 7HJ, UK</b>	
Bupa Health at Work Limited <sup>1</sup>	£1.00 Ordinary
Bupa International Markets Limited	£1.00 Ordinary
Bupa Limited	£1.00 Ordinary
Bupa Occupational Health Limited	£1.00 Ordinary
Bupa Secretaries Limited	£1.00 Ordinary
Bupa Trustees Limited	£1.00 Ordinary
Calverguild Limited	£1.00 Ordinary
Ebbgate Nursing Homes (London) Limited	£1.00 Ordinary-A
Ebbgate Nursing Homes Limited	£1.00 Ordinary
Occupational Health Care Limited <sup>1</sup>	£1.00 Ordinary, £1.00 Redeemable Preference
Personal Effectiveness Centre Limited <sup>1</sup>	£1.00 Ordinary

##### (ii) Other related undertakings

The related undertakings listed below are not wholly owned by the Company. The proportion of the nominal value of each share class held indirectly by the Company is shown below, unless otherwise stated.

Name of undertaking	Share class	Actual % held
<b>Bermuda</b>		
<b>Crawford House, 4<sup>th</sup> Floor, 50 Cedar Avenue, Hamilton, HM11, Bermuda</b>		
Amedex Insurance Company (Bermuda) Limited <sup>2</sup>	BMD1.00 Ordinary	70.00

<sup>1</sup> Held indirectly by the Company

<sup>2</sup> Held directly by the Company

## Notes to the financial statements (continued)

for the year ended 31 December 2020

### 22. Related undertakings (continued)

#### (ii) Other related undertakings (continued)

Name of undertaking	Share class	Actual % held
<b>British Virgin Islands</b>		
<b>Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands</b>		
Altai Investments Limited	HKD1.00 Ordinary	100.00
	USD1.00 Ordinary	100.00
Berkshire Group Limited	USD1.00 Ordinary	100.00
Dynamic People Group Limited	USD1.00 Ordinary	100.00
<b>China</b>		
<b>Room 07-08, 3rd floor, Building 1, 21st Century Plaza, 40A Liangmaqiao Road, Chaoyang District, Beijing, 100125, China</b>		
Bupa Consulting (Beijing) Co. Ltd.	HKD1.00 Ordinary	100.00
<b>Unit 03, 13/F, No.604 RenMin North Road, Yuexiu District, Guangzhou, China</b>		
Guangzhou Bupa Hospital Management Company Limited	CNY1.00 Ordinary	100.00
<b>Unit 305A -305, 3/F, GT Land Autumn Plaza, No.11, 13 ZhuJiang East Road, ZhuJiang New Town, Tianhe District, Guangdong Province, China</b>		
Guangzhou Bupa Quality HealthCare General Outpatient Department Company Limited	CNY1.00 Ordinary	100.00
<b>Hong Kong</b>		
<b>18/F Berkshire House, 25 Westlands Road, Quarry Bay, Hong Kong</b>		
Bupa (Asia) Limited <sup>3</sup>	HKD10.00 Ordinary	100.00
Bupa International Limited <sup>4</sup>	HKD Ordinary	99.99
Bupa Limited	HKD1.00 Ordinary	100.00
Horizon Health and Care Limited	HKD Ordinary	100.00
<b>3rd Floor, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong</b>		
Allied Medical Practices Guild Limited	HKD1.00 Ordinary	100.00
Alpha Medical MRI (TST) Limited	HKD10,000.00 Ordinary	65.00
Central Medical Diagnostic Centre Limited	HKD1.00 Ordinary	74.49
Central MRI Centre Limited	HKD1.00 Ordinary	100.00
Central PET/CT Scan Centre Limited	HKD1.00 Ordinary	100.00
DB Health Services Limited	HKD1.00 Ordinary	100.00
Eplushealth Limited	HKD1.00 Ordinary	100.00
Great Option Limited	HKD1.00 Ordinary	100.00
Jadeast Limited	HKD1.00 Ordinary	100.00
Jadefairs International Limited	HKD1.00 Ordinary	100.00
Jadison Investment Limited	HKD1.00 Ordinary	100.00
Jadway International Limited	HKD1.00 Ordinary	100.00
Marvellous Way Limited	HKD1.00 Ordinary	100.00
Megafaith International Limited	HKD1.00 Ordinary	100.00
Quality HealthCare Dental Services Limited	HKD1.00 Ordinary	100.00
Quality HealthCare Medical Centre Limited	HKD100.00 Ordinary	100.00
Quality HealthCare Medical Services Limited	HKD1.00 Ordinary	100.00
Quality HealthCare Nursing Agency Limited	HKD10.00 Ordinary	100.00

<sup>3</sup> 30% held directly by the Company

<sup>4</sup> Held directly by the Company

## Notes to the financial statements (continued)

for the year ended 31 December 2020

### 22. Related undertakings (continued)

#### (ii) Other related undertakings (continued)

Name of undertaking	Share class	Actual % held
<b>Hong Kong (Continued)</b>		
Quality HealthCare Physiotherapy Services Limited	HKD1.00 Ordinary	100.00
Quality HealthCare Professional Services Limited	HKD1.00 Ordinary	100.00
Quality HealthCare Psychological Services Limited	HKD1.00 Ordinary	100.00
<b>Room 901B-03A, 9th Floor, Skyline Tower, 39 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong</b>		
Quality Healthcare TPA Services Limited	HKD1.00 Ordinary	100.00
<b>Macau</b>		
<b>Rua De Xangai No. 175 Edif., Associacao Comercial De Macau, 11 Andar, K, Macau</b>		
Quality EAP (Macau) Limited	MOP1.00 Ordinary	100.00
Quality Healthcare Medical Services (Macau) Limited	MOP1.00 Ordinary	100.00
<b>Saudi Arabia</b>		
<b>Prince Sultan St, Al Mohammediyah Dist., PO Box 260, Jeddah, 21411, Saudi Arabia</b>		
Nazer Bupa Medical Equipment Company Limited	SAR1,000.00 Ordinary	50.00