Bupa Insurance Services Limited

Annual Report and Accounts
for the financial year ended
31 December 2015

Registered Office:

Bupa House
15 - 19 Bloomsbury Way
London
WC1A 2BA

Registered number: 3829851

Contents

Strategic Report
for the financial year ended 31 December 2015

The Directors present their annual report and the financial statements of Bupa Insurance Services Limited (the "Company") for the financial year ended 31 December 2015.

Principal activities
The principal activity of the Company is the provision of insurance mediation and administrative services to other companies within the Bupa Group. The Company also provides a small volume of third party administrative services for non-Bupa companies, such as services for medical benefit trust arrangements.

Key performance indicators

	2015	2014
	£'000	£'000
Turnover	**473,238**	454,788
Profit before taxation	**26,622**	24,037
Net assets	**75,332**	50,699

Results
The Company's turnover increased by 4.1% and profit before taxation has increased by 10.8% from 2014. The net asset position remains strong.

Future outlook
It is anticipated that market conditions will remain challenging both in the UK and globally. The Company will seek to leverage the strength of the Bupa brand, geographic coverage and healthcare expertise to drive future growth.

Principal risks and uncertainties
Both business performance and operations are subject to a number of risks and uncertainties. The Directors consider that the key risks and uncertainties centre on private medical insurance (PMI) market competition, employee retention and healthcare policy in the UK.

Current market conditions, particularly in the UK, together with the highly competitive PMI market for the insurance provision companies the Company serves, are adding pressure to the Company's ability to grow business and maintain costs, consequently impacting profitability. These factors could impact the volume of services the Company provides and could reduce future expected profitability. The Company continues to monitor its revenues and costs to identify adverse trends and manage such risks as effectively as possible.

In light of market pressures and other strategic challenges facing the Company, it needs to ensure that the right people are in place to move it forward.

The Board views the development and training of employees and the recruitment of experienced individuals from outside the Company as central to the organisation's future success. The Company has sound selection, evaluation and reward processes to recruit, recognise and motivate talented individuals.

The Company seeks to comply with all regulatory standards and to maintain an awareness of regulatory change. The Company's principal financial regulator is the UK's Financial Conduct Authority (FCA).

The Company faces risks from the potential impact of future changes in government and regulatory policy.

Strategic Report (continued)

Principal risks and uncertainties (continued)

The services provided by the Company are underpinned by information technology systems and infrastructure that enable the delivery of core processes and products for its customers. Failure of these systems may reduce the ability of the Company to deliver products and services to their customer bases or increase the risk of information security breaches. The Company has dedicated IT teams who are responsible for the development, maintenance and monitoring of IT services. A programme of work is in place to ensure the continued development and enhancement of all IT services to provide the levels of services required by the business and adequately protect sensitive customer and business data.

Registered Office:
Bupa House
15 - 19 Bloomsbury Way
London
WC1A 2BA

1 March 2016

R T Bowden
Chief Executive Officer

Directors' Report
for the financial year ended 31 December 2015

Results and dividends
The profit for the year, after taxation, amounted to £24,633k (2014: £23,428k). As in the previous year, the Company did not pay a dividend during the year ended 31 December 2015.

Solvency requirement
As an intermediary regulated by the Financial Conduct Authority (FCA), the Company is required to maintain solvency capital of £1.2m (2014: £1.1m). At 31 December 2015, £75.3m (2014: £50.7m) of capital was maintained.

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

R T Bowden (Chief Executive Officer)	
R A Phipps (Chairman)	(appointed Chairman 1 January 2015)
G K Aslet	
E B Bourke	(resigned 1 July 2015)
L Churchill	
R A Lang	
J H Lorimer	(resigned 30 June 2015)
S J O'Connor	(appointed 1 February 2016)
M Potkins	(appointed 1 July 2015)
C E Thompson	(appointed 1 July 2015)

The Company Secretary is T Crosier.

Employees
Details of the number of persons employed and gross remuneration are contained in note 3 to the financial statements.

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

Employment of disabled persons
The Company is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development; and promotion of disabled persons is based on the aptitudes and abilities of the individual. Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

Employment policy
The Company continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Company's performance through management channels. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

Directors' Report (continued)

Disclosure of information to auditors
The Directors who held office at the date of approval of this Directors' Report confirm that:

- so far as that each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each Director has taken all the steps that ought to have been taken as a Director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditor is aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor is deemed to be reappointed and KPMG LLP therefore continue in office.

Registered Office:
Bupa House
15 - 19 Bloomsbury Way
London
WC1A 2BA

1 March 2016

R T Bowden
Chief Executive Officer

Statement of Directors' responsibilities
for the financial year ended 31 December 2015

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* applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Bupa Insurance Services Limited

We have audited the financial statements of Bupa Insurance Services Limited for the year ended 31 December 2015 set out on pages 8 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework* applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the financial year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and the Directors' report:

- we have not identified material misstatements in those reports; and.
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Bupa Insurance Services Limited (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ben Priestley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

1 March 2016

Statement of Profit and Loss Account and Other Comprehensive Income

for the financial year ended 31 December 2015

	Note	2015 £'000	2014 £'000
Turnover	2	**473,238**	454,788
Net operating expenses	3	**(446,482)**	(430,497)
Profit before financial income and expense		**26,756**	24,291
Financial income and expenses			
Interest receivable and similar income	5	**1,065**	799
Interest payable and similar charges	4	**(1,199)**	(1,053)
		(134)	(254)
Profit on ordinary activities before taxation	6	**26,622**	24,037
Taxation expense on profit on ordinary activities	7	**(1,989)**	(609)
Profit for the financial year		**24,633**	23,428
Total Comprehensive Income for the year		**24,633**	23,428

All profits are derived from continuing operations.

There were no recognised gains and losses other than the profit for the financial year of £24,633k (2014: £23,428k).

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

The notes on pages 11 to 22 form part of these financial statements.

Balance Sheet
as at 31 December 2015

	Note	2015 £'000	2014 £'000
Fixed assets			
Tangible assets	8	**734**	2,843
Intangible assets	9	**93,944**	97,119
Total fixed assets		**94,678**	99,962
Current assets			
Debtors: Amounts falling due within one year	10	**139,298**	117,921
Deferred taxation asset	11	**5,689**	4,569
Cash and cash equivalents	12	**20,041**	19,129
Total current assets		**165,028**	141,619
Current liabilities			
Creditors: Amounts falling due within one year	13	**(141,472)**	(142,401)
Loans from Group companies	14	**(40,109)**	(39,433)
Total current liabilities		**(181,581)**	(181,834)
Net current liabilities		**(16,553)**	(40,215)
Total assets less current liabilities		**78,125**	59,747
Provisions for liabilities	15	**(2,793)**	(9,048)
Net assets		**75,332**	50,699
Shareholders' funds			
Called up share capital	16	**1,000**	1,000
Profit and loss account		**74,332**	49,699
Shareholders' funds		**75,332**	50,699

The notes on pages 11 to 22 form part of these financial statements.

These financial statements were approved by the Board of Directors on 1 March 2016 and were signed on its behalf by:

R T Bowden
Chief Executive Officer

M Potkins
Director

Statement of Changes in Equity
for the financial year ended 31 December 2015

	Called up Share Capital	Profit and Loss Account	Total Equity
Balance as at 1 January 2015	1,000	49,699	**50,699**
Profit for the year	-	24,633	**24,633**
Total Comprehensive Income for the year	-	24,633	**24,633**
Balance as at 31 December 2015	1,000	74,332	**75,332**

	Called up Share Capital	Profit and Loss Account	Total Equity
Balance as at 1 January 2014	1,000	26,271	**27,271**
Profit for the year	-	23,428	**23,428**
Total Comprehensive Income for the year	-	23,428	**23,428**
Balance as at 31 December 2014	1,000	49,699	**50,699**

The notes on pages 11 to 22 form part of these financial statements.

Accounting policies

for the financial year ended 31 December 2015

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

(a) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101.

The transition to FRS 101 has not had a material impact on the reported financial position or financial performance of the Company.

As the Company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (Bupa), a company registered in England and Wales, which publishes consolidated accounts, the Company has not included details of transactions with other Bupa Group companies which are subsidiary undertakings of the Bupa.

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;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Related party transactions with fellow Bupa Group companies;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Comparative period reconciliations for tangible and intangible fixed assets.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

(b) Going concern

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. They have concluded that the Company has adequate financial resources to operate for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis, notwithstanding net current liabilities of £16,553k (2014: £40,215k) as at 31 December 2015.

Accounting policies (continued)

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 1 to 2 and the Directors' report on pages 3 to 4.

As disclosed, in note 14 to the financial statements, the Company meets its day to day working capital requirements through a loan facility provided by Bupa Investments Limited, a fellow group company, which is repayable on demand. The Company's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Company should be able to operate within the level of its current loan facility.

In addition, Bupa Finance plc, the Company's immediate parent, has provided a letter of support indicating that they will provide or procure financial support to the Company to enable it to meet its liabilities as they fall due at least 12 months from the date of approval of these financial statements.

(c) Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business. This is shown net of trade discounts and, where applicable, value added taxation. Turnover is recognised in the accounting period in which the Company obtains the right to consideration in exchange for its performance.

Turnover consists of the following revenue streams:

- ***Income receivable from Bupa Group companies*** represents amounts earned for the provision of insurance mediation and administrative services.
- ***Revenue*** represents an administrative fee which relates to the Health Trust business for administrating trusts set up to provide Healthcare funding to specific beneficiaries, usually employees and is recognised on an accruals basis.
- ***Other income*** represents recharges to non-insurance Group companies for services provided and is accounted for on an accruals basis.

(d) Foreign currencies

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

Transactions in foreign currencies other than the functional currency of the Company are translated to the respective functional currency of the Company or its foreign operations. Realised exchange differences arising on transactions of foreign currency amounts are recorded in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling at the balance sheet date; the resulting foreign exchange gain or loss is recognised in operating expenses, except where the gain or loss arises on financial assets or liabilities and then it is presented in financial income or expense as appropriate. Non-monetary assets and liabilities denominated in a foreign currency at historic cost are translated using the exchange rate at the date of the transaction; no exchange differences therefore arise. Non-monetary assets and liabilities denominated in a foreign currency at fair value are translated using the exchange rate ruling at the date that the fair value was determined.

Accounting policies (continued)

(e) Financial income and expense

Financial income comprises interest receivable, recognised in the Profit and Loss Account as it accrues.

Financial expense includes interest payable on borrowings, recognised in the Profit and Loss Account as it accrues.

Gains and losses on the translation of monetary assets and liabilities denominated in foreign currencies are recognised as financial income or expense as appropriate.

(f) Taxation and deferred taxation

The charge for taxation is based on the result for the financial year and takes into account deferred taxation.

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 provided in full on all temporary differences that have originated, but not reversed, at the Balance Sheet date which result in an obligation to pay more, or a right to pay less or to receive taxation benefits, with the following exceptions:

- Provision is made for taxation on gains arising from the fair value adjustment of fixed assets or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the Balance Sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the Balance Sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to taxation only where the replacement assets are sold.

- Deferred taxation assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the taxation rates that are expected to apply in the periods in which timing differences reverse, based on current taxation rates and laws.

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

(g) Tangible fixed assets and depreciation

Fixtures and equipment are stated at historical cost less accumulated depreciation and recognised impairment losses.

Depreciation is charged to the profit and loss on a straight line basis over its expected useful life, as follows:

Computer equipment	3 years
Fixtures and fittings	3 to 8 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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

Accounting policies (continued)

Useful lives and residual values are reviewed at the end of every reporting period.

No depreciation is charged on assets in the course of construction. Assets classified as work in progress are reviewed for impairment at each balance sheet date.

Impairment reviews are undertaken where there are indicators that the carrying value may not be recoverable. An impairment loss on assets carried at cost is recognised in the profit and loss account to reduce the carrying value to the recoverable amount.

(h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and recognised impairment losses.

Amortisation is charged to the profit and loss on a straight line basis over its expected useful life, as follows:

Computer software	3 to 7 years

Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

Residual value is calculated on prices prevailing at the date of acquisition. Useful lives and residual values are reviewed at the end of every reporting period.

Impairment reviews are undertaken where there are indicators that the carrying value may not be recoverable. An impairment loss on assets carried at cost is recognised in the profit and loss account to reduce the carrying value to the recoverable amount.

(i) Debtors

Debtors are recognised initially at fair value. Subsequent to initial recognition they are carried at amortised cost less impairment losses.

(j) Creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

(k) Operating leases

Leased assets are classified as operating leases where the terms of the lease are such that the risks and rewards of ownership remain with the lessor. Payments on lease contracts are recognised in the Profit and Loss Account on an accruals basis. Advance payments made under operating leases are recognised as prepayments within debtors and are recognised in the Profit and Loss Account on a straight line basis over the term of the lease.

(l) Provisions for liabilities

A provision is recognised in the Balance Sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation that can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-taxation rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Although provisions are made where payments can be reliably estimated, the amounts provided are based upon a number of assumptions that are inherently uncertain and therefore the amount that is ultimately paid could differ from the amount recorded.

Accounting policies (continued)

(m) Pensions

Defined benefit pension schemes

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

The Company participates in The Bupa Pension Scheme. As no agreement exists to allocate pension scheme assets and liabilities between Bupa Group companies, IAS 19: Employee Benefits permits those Bupa Group companies to account for their pension costs as if the Company participates in a defined contribution pension scheme. Therefore, the cost of the pension contributions made to the scheme are recognised within the Profit and Loss Account.

Defined contribution pension schemes

The ultimate holding company, Bupa, operates a defined contribution pension scheme, The Bupa Retirement Savings Plan, in which the Company participates. The assets of the scheme are held separately from those of the Company in independently administered funds. This scheme was opened with effect from 1 October 2002 and is available to join on a voluntary basis to permanent employees of Bupa.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the Profit and Loss Account as incurred.

Notes to the financial statements
for the financial year ended 31 December 2015

1. Immediate and ultimate parent Company

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

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

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

2. Turnover

	2015 £'000	2014 £'000
Income receivable from Bupa Group companies	**444,100**	432,839
Revenue	**19,000**	16,074
Other income	**10,138**	5,875
	473,238	454,788

All turnover is generated through the provision of insurance and administrative services carried out in the UK.

3. Net operating expenses

	2015 £'000	2014 £'000
Staff costs (see below)	**94,798**	108,910
Recharges from Bupa Group companies	**172,937**	138,144
Marketing	**7,093**	5,137
Commissions payable	**1,002**	-
Other operating expenses	**170,652**	178,306
	446,482	430,497

Staff costs and Directors' remuneration

The average monthly number of employees during the year analysed by category was as follows:

	2015	2014
Administration	**2,213**	2,085
Sales	**93**	638
	2,306	2,723

A number of sales staff transferred to a fellow group company in the prior year.
Their aggregate remuneration comprised:

	2015 £'000	2014 £'000
Wages and salaries	**79,228**	89,995
Social security costs	**7,227**	9,413
Other pension costs (see note 18)	**8,343**	9,502
	94,798	108,910

Disclosure of the Directors' remuneration is included in the financial statements of Bupa Insurance Limited, for which the majority of the Directors' time is spent.

Notes to the financial statements (continued)
for the financial year ended 31 December 2015

4. Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable to Group undertakings	975	749
Other interest payable	2	4
Losses on foreign exchange transactions	222	300
Total interest payable & similar charges	**1,199**	1,053

5. Interest receivable and similar income

	2015 £'000	2014 £'000
Interest receivable from Group undertakings	73	36
Other interest receivable	26	27
Gains on foreign exchange transactions	966	736
Total interest receivable and similar income	**1,065**	799

6. Expenses and auditor's remuneration

Profit on ordinary activities before taxation is stated after charging:

	2015 £'000	2014 £'000
Depreciation on tangible assets - owned	620	614
Amortisation on intangible assets	36,334	36,304
Operating lease rentals	-	6,818
Net (gain)/loss on foreign exchange transactions	(1,787)	217
Fees payable to the Company's auditors	58	54

Fees payable to the Company's auditors represent the amount for the audit of the Company's annual accounts.

Non-audit fees paid to the Company's auditors, KPMG LLP, and its associates are not disclosed in these accounts since the consolidated accounts of Bupa, the ultimate parent undertaking, disclose non-audit fees on a consolidated basis.

Notes to the financial statements (continued)

for the financial year ended 31 December 2015

7. Taxation expense on profit on ordinary activities

(i) Analysis of taxation expense in the financial year

	2015 £'000	2014 £'000
Current taxation		
UK taxation on income for the period	3,169	3,412
	3,169	3,412
Adjustments in respect of prior periods		
- UK corporation taxation	(60)	(72)
Total current taxation	3,109	3,340
Deferred taxation		
Origination and reversal of temporary differences	(1,637)	(2,344)
Change in taxation rates	450	-
Adjustments in respect of prior periods	67	(387)
Total deferred taxation	(1,120)	(2,731)
Total taxation expense	1,989	609

(ii) Reconciliation of effective tax rate

The differences between the total taxation expense shown above and the amount calculated by applying the standard rate of UK corporation taxation to the profit before taxation is as follows:

	2015 £'000	2014 £'000
Profit before taxation expense	26,622	24,037
Taxation expense at the domestic UK corporation tax rate of 20.25% (2014: 21.5%)	5,391	5,166
Effects of:		
Non-deductible expenses	247	246
Transfer pricing adjustment	(4,310)	(4,519)
Current income taxation adjustments in respect of prior periods	(60)	(72)
Deferred taxation adjustments in respect of prior periods	67	(387)
Changes in taxation rate	654	175
Total taxation expense for the financial year	1,989	609

Notes to the financial statements (continued)
for the financial year ended 31 December 2015

8. Tangible fixed assets

	Computer Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost or valuation			
At 1 Jan 2015	11,298	7,081	18,379
Additions	93	103	196
Other	(1,685)	-	(1,685)
At 31 Dec 2015	9,706	7,184	16,890
Depreciation			
At 1 Jan 2015	(9,445)	(6,091)	(15,536)
Charge for the year	(135)	(485)	(620)
At 31 Dec 2015	(9,580)	(6,576)	(16,156)
Net book value			
As at 31 Dec 2015	**126**	**608**	**734**
At 1 Jan 2015	**1,853**	**990**	**2,843**

9. Intangible fixed assets

	Computer Software £'000	Computer Work in Progress £'000	Total £'000
Cost			
At 1 Jan 2015	308,807	19,749	328,556
Additions	27,194	4,280	31,474
Other	11,594	(9,909)	1,685
At 31 Dec 2015	347,595	14,120	361,715
Amortisation			
At 1 Jan 2015	(231,437)	-	(231,437)
Charge for the year	(36,334)	-	(36,334)
At 31 Dec 2015	(267,771)	-	(267,771)
Net book value			
As at 31 Dec 2015	**79,824**	**14,120**	**93,944**
At 1 Jan 2015	**77,370**	**19,749**	**97,119**

10. Debtors

	2015 £'000	2014 £'000
Amounts owed by Group undertakings	**122,363**	106,183
Prepayments and accrued income	**1,133**	1,196
Trade debtors	**276**	303
Other debtors	**15,526**	10,239
	139,298	117,921

Notes to the financial statements (continued)
for the financial year ended 31 December 2015

11. Deferred taxation asset

Net deferred taxation asset is analysed as follows:

	2015 £'000	2014 £'000
Accelerated capital allowances	**5,307**	3,820
Other employee benefits (other than post employment)	**374**	749
Losses carried forward	**8**	-
	5,689	4,569

	2015 £'000	2014 £'000
At the beginning of the financial year	**4,569**	1,838
Deferred taxation charge for the financial year	**1,120**	2,731
	5,689	4,569

12. Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank and in hand	**17,942**	16,623
Restricted access deposits	**2,099**	2,506
	20,041	19,129

The restricted access deposits of £2,099k (2014: £2,506k) relate to claims funds held on behalf of corporate customers. These amounts may be used only to discharge those obligations and potential liabilities if and when they crystallise.

13. Creditors: Amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to Group undertakings	**13,982**	18,093
Accruals and deferred income	**16,649**	16,820
Trade creditors	**22,248**	21,241
PAYE and National Insurance	**8,065**	7,334
Bank overdrafts	**21,025**	27,385
Other creditors	**59,503**	51,528
	141,472	142,401

14. Loans from Group companies

	2015 £'000	2014 £'000
Loan from Bupa Investments Limited	**40,109**	39,433

The Company has a loan facility of up to £700.0m from Bupa Investments Limited. The facility is repayable on demand and will be terminated on 28 August 2019. Interest is payable at a margin of 100 basis points over the six-month LIBOR rate.

Notes to the financial statements (continued)
for the financial year ended 31 December 2015

15. Provisions for liabilities

	Unoccupied property £'000	Other £'000	Total £'000
Balance at 1 January 2015	2,838	6,210	9,048
Provisions made during the year	-	38	38
Utilisation of provision during the year	-	(4,570)	(4,570)
Released in the year	(1,244)	(479)	(1,723)
Balance at 31 December 2015	**1,594**	**1,199**	**2,793**

Unoccupied property

In prior years, the Company entered into non-cancellable leases for property which it no longer fully occupies. The Company has provided for lease obligations, net of sub-lease receivables. The lease obligations are payable monthly, quarterly or annually, within a range of one to two years, the average being under a year. The future net outflows are uncertain and are affected by the Company's ability to sub-let unoccupied property.

Other

Other consists of £926k (2014: £4,793k) restructuring provisions and £273k (2014: £1,417k) customer remediation administration provisions relating to the costs of administering compensation to customers associated with a failure to comply with regulations or to treat customers fairly.

16. Called up share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	**1,000**	1,000

All shares are classified as equity.

17. Contingent liabilities, guarantees and other financial commitments

(i) Contingent liabilities

Under a Group registration, the Company is jointly and severally liable for Value Added Taxation (VAT) due by certain other Group Companies.

(ii) Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 2015 £'000	Land and buildings 2014 £'000
Less than one year	-	5,350
Between one and five years	-	14,379
More than five years	-	12,882
	-	32,611

The lease agreements were transferred to a fellow group company in the year.

Notes to the financial statements (continued)
for the financial year ended 31 December 2015

18. Pensions

Defined benefit pension schemes

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

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

An independent actuary performs triennial valuations together with periodic interim reviews. Both triennial and interim valuations use the attained age method, recognising the closure of the scheme to new entrants.

The Bupa Pension Scheme was valued as at 31 December 2015 under the requirements of International Accounting Standard No 19: Employee Benefits (IAS 19) as the Group prepares its consolidated financial statements under International Financial Reporting Standards. This valuation showed a surplus before deferred tax of £408.4m (2014: £348.6m) with assets of £1,670.6m (2014: £1,637.5m) and liabilities of £1,262.2m (2014: £1,288.9m), which would not be materially different from a valuation performed under the requirements of FRS 101.

There is no contractual agreement or stated policy for charging the net defined benefit cost, In accordance with IAS 19, the Company recognises a cost equal to its contribution payable for the period, which in the year ended 31 December 2015 was £3.2m (2014: £5.1m).

Details of the latest valuations of the scheme and main assumptions are included in the annual report and accounts of the ultimate holding company, Bupa.

At the most recent triennial valuation, as at 1 July 2014 the scheme's independent actuary recommended payment of employer contributions at the rate of 24.8% of pensionable salaries for the year ended 31 December 2015. In addition to these employer contributions a payment equivalent to the employee contribution of 7% of pensionable salaries is paid as part of the Group's salary sacrifice arrangement (known as PeopleChoice Pensions). There is a corresponding reduction in members' wages and salaries as a result.

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