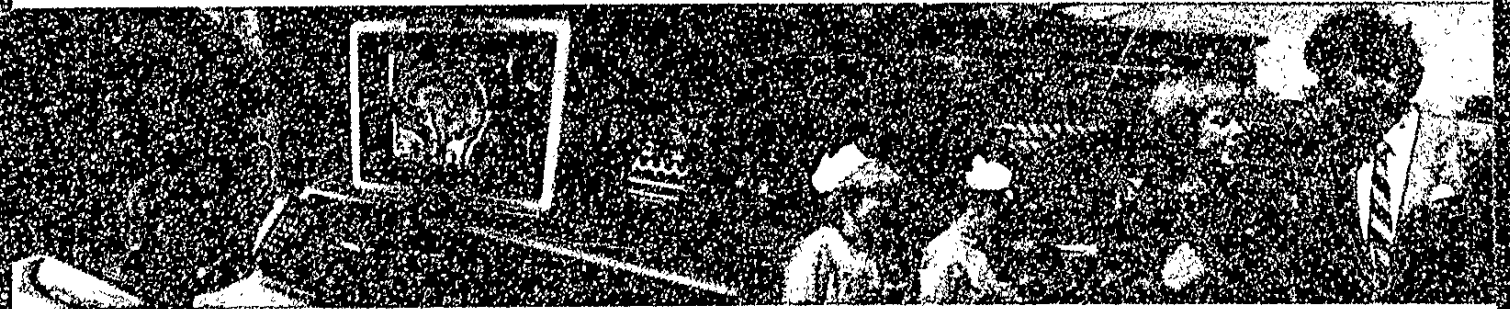


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PURELY FOR  
THE BENEFIT OF  
YOUR HEALTH



See us at the 1994



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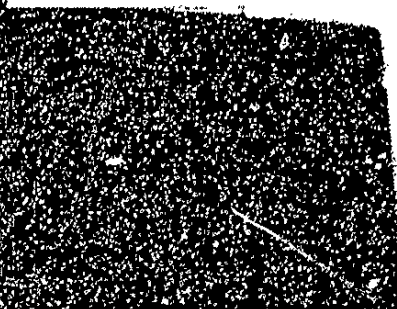
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The latest range of physiotherapy facilities is offered at BUPA Hospitals

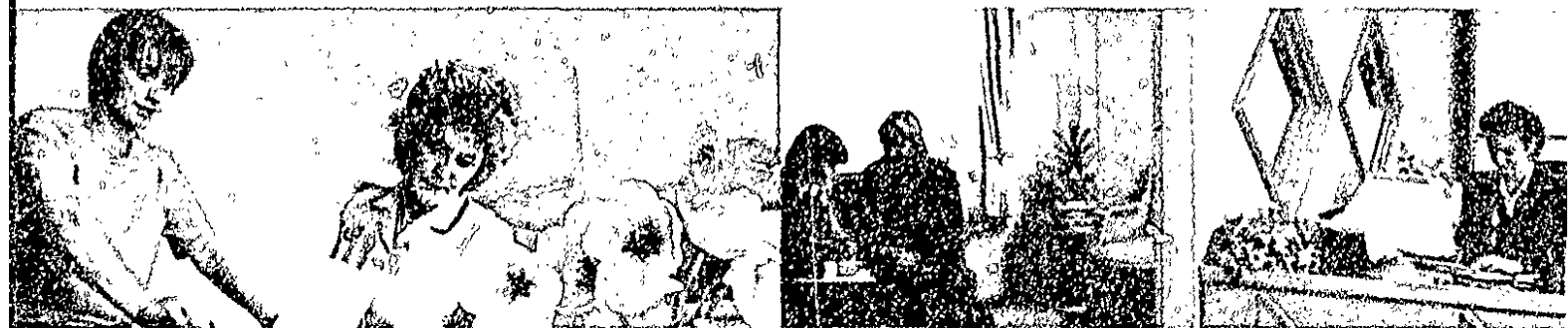
BUPA Nursing provides both qualified nurses and home care assistants



500, Broad Street  
Edinburgh, Scotland  
EH2 1BN



...BROOKLYN WAS ABLE TO  
CONTINUE HIS STRATEGY OF  
BY PROVINCIAL AND COUNTRY  
...THEY WERE ABLE TO  
...THEY WERE ABLE TO  
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## CHAIRMAN'S STATEMENT

Nineteen-ninety was a year of mixed fortunes for BUPA. It demonstrated that BUPA, like many other companies, was vulnerable to the

recession. On the plus side there was growth in all our business areas, with sales targets either being met or exceeded. BUPA was able to continue its strategy of providing an ever wider range of health care services and of giving greater access to first class medical care to more people from all walks of life. On the minus side our financial results were less than satisfactory, so that it was necessary for us to draw on our reserves to the extent of £42m. This was principally due to losses incurred in our UK Health Insurance Division.

As is our practice we sought to keep charges down in the interests of our subscribers, and indeed in our corporate and company sectors in particular subscriptions at the beginning of the year proved to have been set at too low a level. This has of course been remedied.

Other factors also emerged. The economic climate led to our anticipated subscription income being under-achieved partly because of the understandable tendency of some subscribers both individual and corporate to scale down to less comprehensive levels of cover. Added to this, the publicity given to the alleged shortcomings of the NHS undoubtedly encouraged the increasing use of private health facilities by our subscribers. Both the incidence and the size of claims rose sharply.

As with all insurers increasing claims are bound to lead to increasing subscriptions however hard we strive to control costs and however determined we are to remain competitive.

Of major significance during the year was the impact of our substantial expenditure on recent acquisitions, which, while of great potential value to BUPA, inevitably involved a reduction in our liquid assets and hence in our short-term investment income. In addition, capital values were adversely affected by



Lord Wigoder

Splendidly equipped patient rooms at BUPA Hospital, Bournemouth

Our artificial heart supported by a full range of diagnostic facilities



the performance of the Stock Market. They have since largely recovered.

Our financial base remains strong with reserves prudently built up over the years. The external climate will improve, and we have taken firm and decisive action to ensure that internally our organisation and administration will enable us to continue to go forward.

#### THE NATIONAL SCENE

The effects of government health policy changes are still far from clear but it appears likely that they may lead to substantial opportunities for BUPA as well as some dangers. Now that some 12% of the population is covered by medical insurance, and with others using available facilities as uninsured patients, it is clear that private health care has come to be regarded as a normal, sensible, family choice.

That the environment is perceived to be helpful to the private sector has meant that many new entrants have come into the

market, particularly commercial general insurers prepared to spend vast sums of money in order to try to extend the range of their products. The consumer is now faced with a bewildering variety of schemes and companies from which to choose. It is here that BUPA has the advantage of being not only a provident association with the interests of its subscribers uppermost, but also the specialist in medical insurance and the only comprehensive health care provider in the UK.

#### HEALTH INSURANCE (UK) DIVISION

Mike Smith took over as Managing Director at the beginning of 1990, leaving a similar position which he had held with distinction at our Health Services Division. Despite increasing competition, net growth in membership exceeded 4.5 per cent. This was a remarkable effort in view of the difficult circumstances.

Our service standards, which we regard as of crucial importance, have been less than

*A special kind of care and concern for members right through to leaving hospital.*

*Dedicated to meeting customer needs with a range of new BUPA schemes and services.*





## CHAIRMAN'S STATEMENT *continued*

satisfactory. They improved steadily during the year, as was shown by detailed market research studies. We are not complacent and are determined to give to every subscriber the caring service to which he or she is entitled, and which has been so much a feature of BUPA's reputation.

Administrative costs remained higher than we would have wished. One contributory factor was the costs of implementing the government's proposals for tax relief for subscribers aged 60 and over. The government's regulations were complex, were issued at very short notice and involved us in substantial modification to our administrative systems. We hope very much that, in co-operation with other medical insurers, we can continue to persuade government departments to accept less complicated ways of administering tax relief in future. We were pleased to be able to help our members by making tax relief available and are grateful to those who had to be somewhat patient with us whilst we made

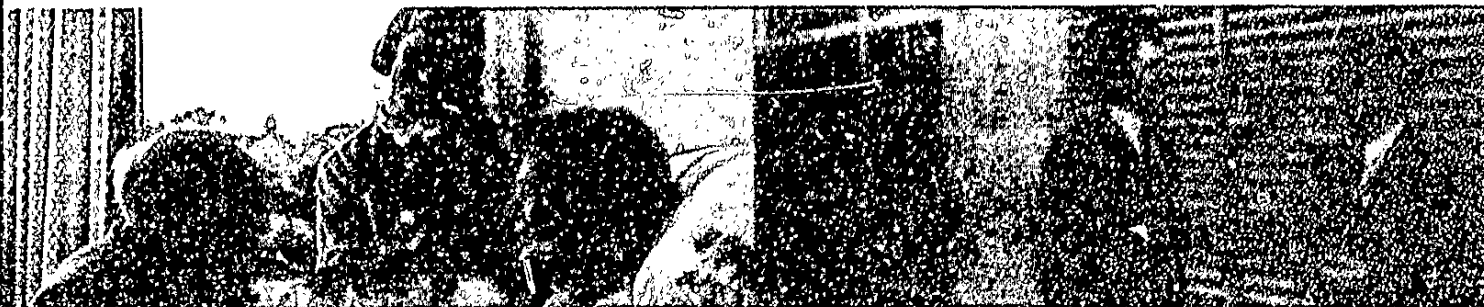
the necessary changes to enable this to happen. Overall we continued to provide value for money, some £9 out of every £10 of subscriptions received, being paid out in the form of benefits to subscribers.

New schemes were introduced during the year to provide individual subscribers with greater choice and to extend the opportunity for people aged between 65 and 74 to join BUPA for the first time. Detailed plans were laid for the introduction of more improved features and schemes during 1991. An innovative project was the formation of an association with Friends' Provident Life Office in May 1990 which gave major marketing benefits to both organisations. It has enabled BUPA's product range to be expanded and also enabled BUPA cover to be linked with other insurance schemes in a way that was not previously possible.

Every effort has been made to improve relations with the medical profession in the interests both of our subscribers and of the private sector as a whole. At the request of

New BUPA schemes bring tax relief to members over 60

Our corporate health consultants give expert advice to business men on developing a health care strategy



THE BRISTOL NEWS  
PROVIDENT ASSURANCE  
LIMITEED AND BUPA ASSURANCE CO

consultants we have arranged separate benefits for surgeons' and anaesthetists' fees, and also arranged for the direct settlement by us of consultants' bills. There were initial problems with both these schemes but they are being resolved. For subscribers, of course, the benefit is that it makes claiming procedures much simpler and more effective, and avoids the possibility of their being temporarily out-of-pocket.

Much research was done into our administrative procedures, and major modifications were put in hand to enable them to be both more efficient and more economical.

The BUPA magazine *UPBEAT* continues to be extremely well received by individual subscribers. A further magazine called *CONSULT* was sent out to specialists for the first time. This was aimed at keeping them up-to-date on the private sector and in particular on BUPA benefits and other BUPA activities. This also had a favourable response.

As a further innovation, staff from our customer service departments were placed in several BUPA hospitals. They are able to render great help not only to our subscribers who are patients but also to consultants and hospital staff, and it is proposed to extend this facility to all BUPA hospitals in the near future.

A telephone-based health information service was launched called BUPA MediCall, covering some 700 medical topics. It is available 24 hours a day to all members of the public, and is proving very successful.

As I made clear in my opening observations, the financial results of the Health Insurance Division were disappointing. The reasons are known and action has been taken to prevent this situation recurring. We expect a significant improvement in 1991, and we also expect to make available a wider range of schemes to answer the differing needs of subscribers, to improve the quality of service and at all times to remain competitive. We are determined to

New direct settlement procedure introduced to simplify claiming still further

Day care surgery has many advantages for patients



THE DAVID LIVINGSTON  
PRIVATE HOSPITALS  
LIMITED AND ASSOCIATES

find ever more effective ways of controlling treatment costs and hence medical inflation.

### BUPA HEALTH SERVICES DIVISION

Mrs. Susan Ellen, previously the Development and Marketing Director in this division, became Managing Director as from January 1990 and has led the division through a successful year, in which its profit performance was ahead of expectation. Great progress was made in integrating our newly acquired hospitals and nursing homes, and in developing our existing businesses. We are now obtaining the benefits of scale as Britain's largest provider of private health care facilities.

### BUPA HOSPITALS

The year saw the publication of the Monopolies Commission Report into our takeover of the Hospital Corporation of America's interests in this country, which led to BUPA operating more hospital beds than

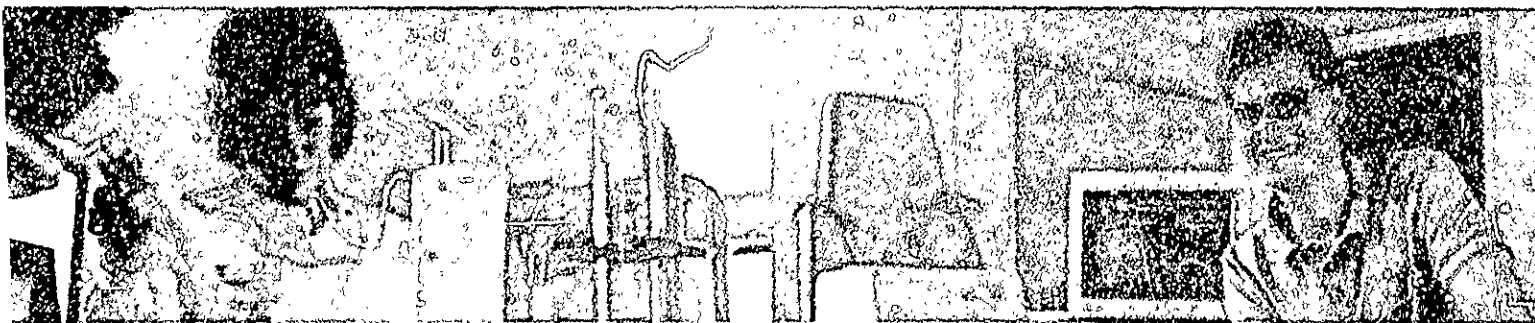
any other organisation in the private sector. The report was helpful and favourable.

We have carried out major developments at Bushey and Gatwick, and invested in new equipment and in building extensions in many of the newly acquired hospitals as they are steadily brought up to the high standard that patients and consultants expect in a BUPA hospital. For example, a YAG Laser was installed at our Roding Hospital, colposcopy equipment at Fylde Coast, physiotherapy facilities at Hythe, Hull and Solihull, and a whole range of fertility programmes, sports injury clinics and other services at many of our hospitals.

We have also embarked upon many further joint ventures with the NHS. A unique first for the industry was achieved by our Manchester hospital which became the first private hospital in the country to accommodate a university department, through the provision of a range of specialist and high technology vascular facilities. We established an eye cornea bank at Norwich,

New pathology department opened at Gatwick last year

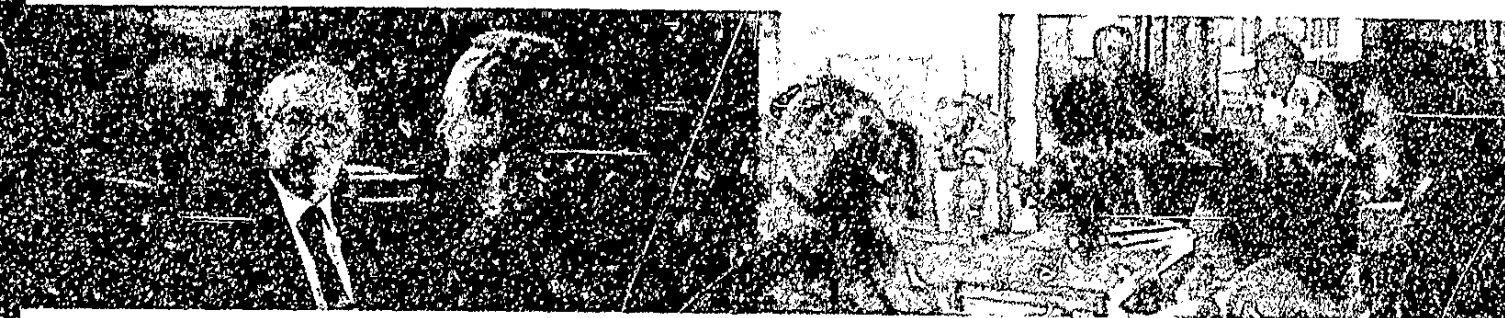
New advanced rehabilitation service at BUPA Parkway Hospital



**In 1990 we brought together in one business  
our health screening centres, our mobile**

There were inevitably problems during 1990, in particular with the decline in the housing market which made it more difficult for some of the elderly to dispose of their houses prior to moving into our homes. However, we have made good progress and have continued to develop a dignified and caring philosophy in these homes. We believe that there are attractive long-term opportunities for this business particularly in view of demographic

**Houses & surroundings for sale** in Latvia at Ashles House. View estate.



W. L. D. S. 1914

trends. It was decided to dispose of three (non-purpose-built) homes out of our total of 13 as they were not compatible with our plans.

## BUPA NURSING

Our nursing agency business opened five new branches during the year. There are now 21 branches which achieved steady growth despite sometimes difficult market conditions particularly in the NHS. We acquired the Anglia Nursing Agency and won a major contract with the Brighton Health Authority. In addition we sponsored the prestigious Nurse of the Year Award in association with the Royal College of Nursing and received much credit for so doing.

## BUPA INTERNATIONAL DIVISION

Our main priority was to consolidate our substantial investment in the Sanitas group of companies in Spain. Many of the initial problems which came to light following the acquisition have been resolved and BUPA has

pursued its rights under the warranties included in the sale and purchase agreement, with substantial claims being made against the original owner. Heavy pressure from the medical profession there for a sizeable increase in their fees has led inevitably to a large rise in subscriptions but membership has held up well. We believe that Sanitas will in due course be a satisfactory investment, and one of significant potential as the European single market comes into effect.

Our off-shore business administered from our International Centre at Brighton achieved successful overall growth with an increase of more than 18 per cent in registrations. Initiatives have seen the introduction of tax relief on Senior Lifeline subscriptions and implementation of electronic funds transfer and credit payment systems for the benefit of our subscribers.

Hong Kong reported steady growth in membership and a new gold card scheme was launched with promising initial results.

Kenneth Clark presented Nurse 90 winner, Eileen Chambers, with the award sponsored by BUPA Nursing

Celebrating the opening of the new BUPA Centre in Hong Kong.

## NEW CHIEF EXECUTIVE

As Members will know, Peter Jacobs was elected to our Board and on 15th May 1991 was appointed our Chief Executive. He comes to us from a highly successful career as Sales Director of Mars Confectionery, and then Chief Executive of Berisford International Plc and Chairman of British Sugar Ltd. We welcome him to his new position, in which he will receive all our support and co-operation.

## OTHER BOARD CHANGES

I have to report a number of further changes to the composition of our Board of Governors, in addition to the retirements in 1990 of Leonard Williams and Roy Clarke upon which I commented last year.

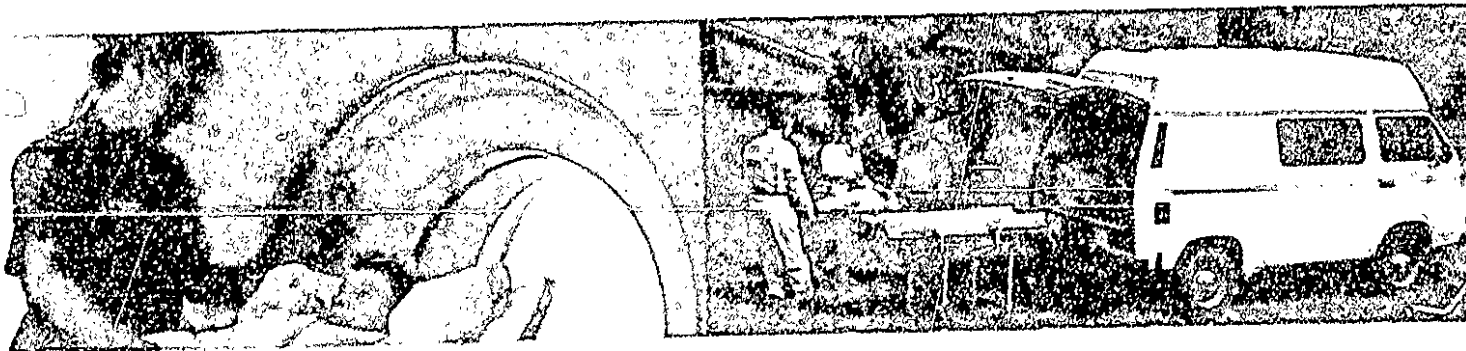
Our Chief Executive Bob Graham retired in April 1991. He joined us as Deputy Chief Executive in 1982 having previously been responsible for running VHI, the largest private health insurer in Ireland. He became

our Chief Executive in 1984 and during seven years of his stewardship has overseen the development of BUPA from what was primarily an insurance company with certain limited additional activities to a thriving health care group with the three divisions upon which I have reported above. He was prominently involved with European and international health insurance associations, and served as a distinguished President of the International Federation of Health Funds. We will miss both his sound advice and his ready wit, and wish him the happiest of retirements.

Derek Allan also retired early in 1991, sadly on the grounds of ill health. He joined us in 1967, and was able for a time to combine the offices of Marketing Director and Director of our international activities. With the growth of those activities and the formation of BUPA International as a separate division he was the obvious choice as its Managing Director. During his career he established BUPA's first operation

Whole body scanning at BUPA Hospital Bristol

The BUPA Mobile Intensive Care Unit was a welcome sight at many sporting events during the year



## CHAIRMAN'S STATEMENT continued

overseas, in Malta in 1971, and was responsible for the subsequent operations in Hong Kong, Gibraltar, the Middle East and Far East and finally in Spain with the acquisition of Sanitas. He showed great foresight in the way in which he developed our international activities and we also wish him well in his retirement.

Dr. Eric Blackadder retired during 1990 after six years with BUPA, first as Group Medical Adviser and then as Group Medical Director. He joined us from the BBC, and brought with him a wide range of experience gained in the Royal Navy, in general practice and also in a senior post with the Health and Safety Executive. He carried out his wide-ranging duties at BUPA with great skill and made a significant contribution to BUPA's progress during his service here.

I have also to report that after 16 years as our Chief Medical Adviser, Sir George Pinker has decided to step down. His expert advice was always made available to us most readily and willingly and he will be greatly missed.

I am happy to inform you that Sir Terence English, the President of the Royal College of Surgeons, who is particularly distinguished for his work in the cardio-thoracic field, succeeded Sir George as BUPA's new Chief Medical Adviser on 1st April 1991.

Since I last reported, our Board has been greatly strengthened by the elections of Viscount Colville of Culross, Mr. Norman Lessels and Sir David Plastow as non-executive governors, and of Mr. David Shaw, the newly appointed Managing Director of our International Division, who all bring a wealth of experience to our deliberations.

### THE FUTURE

We believe that there are great opportunities for the expansion of private health care in this country. We believe, too, that BUPA is in a particularly favourable position to take advantage of those opportunities. We have a unique range of health care services, a provident status as a result of which we

Comfortable lounge areas at BUPA hospitals for patients to relax.

BUPA's first class at Gatwick.



TOP RIGHT: IAN FLETCHER  
PREVIOUS: ANDREW BROWN  
BOTTOM: ANDREW BROWN

always give priority to customer service, a strong financial position, and a highly experienced, caring and professional staff.

I do with pleasure end this review of the year with a tribute to our staff, who have coped so successfully with many difficulties and problems and who have worked loyally and hard to ensure that BUPA is well-placed to continue its progress in the future. I express my gratitude to each and every one of them.

*W. Wigoder*

Lord Wigoder  
Chairman  
31st May 1991

Speedy response to customer enquiries

The best possible environment for a speedy recovery at BUPA Hospital Leicester



THE BUPA GROUP  
PRIVATE HOSPITALS  
1 WOODLAND ROAD, LEICESTER



# BOARD OF GOVERNORS AND PRINCIPAL OFFICERS

PRESIDENT	E.F. Webb, M.B.E.
VICE PRESIDENT	Sir Michael Milne-Watson, Bt., C.B.E.
BOARD OF GOVERNORS	<p>Lord Wigoder, Q.C. <i>Chairman</i></p> <p>B.S. Hawkins <i>Deputy Chairman</i></p> <p>Viscount Colville of Culcross, Q.C. <i>(elected 3.7.90)</i></p> <p>Mrs. S.C. Ellen</p> <p>P.A. Jacobs <i>(appointed 13.5.91)</i></p> <p>P. Laister</p> <p>N. Lessels <i>(appointed 1.8.90)</i></p> <p>Dr. E.B. Lewis</p> <p>Sir David Plastow <i>(appointed 1.8.90)</i></p> <p>R.N. Quartanc, C.B.E.</p> <p>D. Shaw <i>(appointed 15.2.91)</i></p> <p>M.J. Smith</p> <p>D.R. Spray</p>
SECRETARY	A.D. Walford
AUDITORS	KPMG Peat Marwick McLintock
BANKERS	Midland Bank plc
CHIEF MEDICAL ADVISER	Sir Terence English, K.B.E., F.R.C.S. <i>(appointed 1.4.91)</i>
CONSULTING ACTUARIES	Bacon & Woodrow
SOLICITORS	Freshfields

New reception area for BUPA Watwick Park Hospital

BUPA's growing support for GP practices



## BOARD OF GOVERNORS AND PRINCIPAL OFFICERS

**Mr. R. J. W. G. Q.C., M.A. Age 70.** Governor and Chairman since 1981. Chairman, Health Services Board 1977-1980, and formerly Recorder of the Crown Court, and Treasurer, Gray's Inn.

**Mr. J. R. E.C.T. Age 60.** Governor since 1977 and Deputy Chairman since July 1990. Chairman, BUPA Investments Limited. Director, Sabre Fund Management Limited; Manex Funds Limited. Former Council Member, Association of Corporate Treasurers. Former Director, Samuel Montagu & Co. Limited.

**Mr. J. R. Q.C., M.A. Age 57.** Governor since July 1990 and member of BUPA's Health Services Divisional Board since January 1991. Chairman, Parole Board. Recorder of the Crown Court. Director, Securities and Futures Authority Ltd. Former Deputy Chairman, British Electric Traction Company Limited.

**Mr. J. B.Se., A.H.S.M. Age 42.** Governor of BUPA and Managing Director of BUPA's Health Services Division since January 1990. Joined BUPA in 1977 and has held a number of senior appointments.

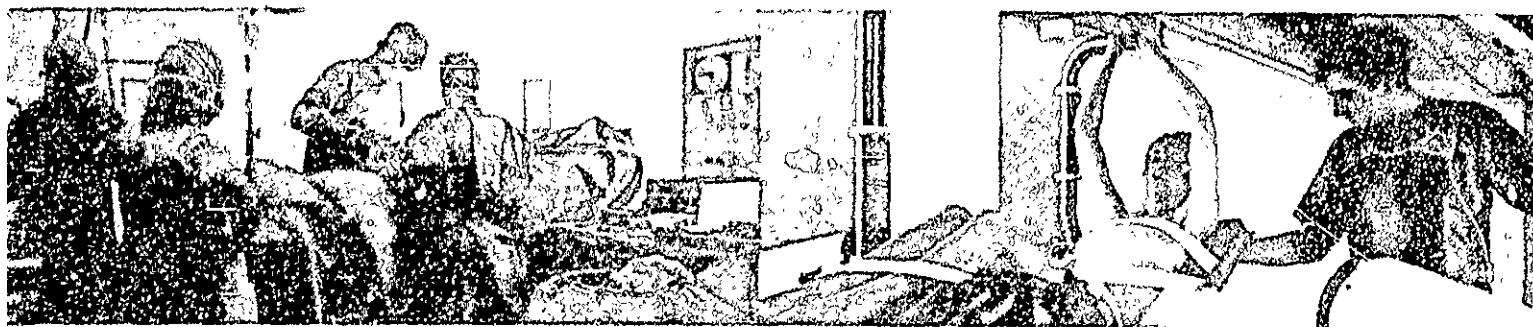
**Mr. J. B.Se. Age 48.** Governor of BUPA and Chief Executive from May 1991. Former Chief Executive of Berisford International plc and Chairman of British Sugar Ltd. Previous appointments include Managing Director of British Sugar Ltd, Sales Director of Mars Confectionery and a number of senior appointments at Pedigree Petfoods. Currently a Non-Executive Director of Dairy Crest Ltd.

**Mr. J. B.Sc.Tech., F.U.M.I.S.T., F.Inst.Pet., F.I.Chem.E., F.I.L.S., C.B.I.M. Age 62.** Governor since 1980. Chairman, BUPA's International Divisional Board since January 1991. Chairman, Confederation of Information Communication Industries (CICI); Nimbus Records Limited; MTV Europe. Director, Incheape plc; Maxwell Communication Corp'n. plc; Former Chairman and Chief Executive, Thorn EMI plc.

**Mr. J. C.A. Age 52.** Governor since August 1990. Chairman, BUPA's Health Services Divisional Board since January 1991. Partner, Chiene & Tait, C.A. Chairman, Standard Life Assurance Co. Director, Bank of Scotland and Securities & Investments Board. Former President, Institute of Chartered Accountants of Scotland.

All BUPA hospitals are fully equipped for major surgery.

BUPA gave a lithotripter to St Thomas' Hospital, London.



THE BUPA GROUP  
FINANCIAL REPORT  
FOR THE YEAR 1990

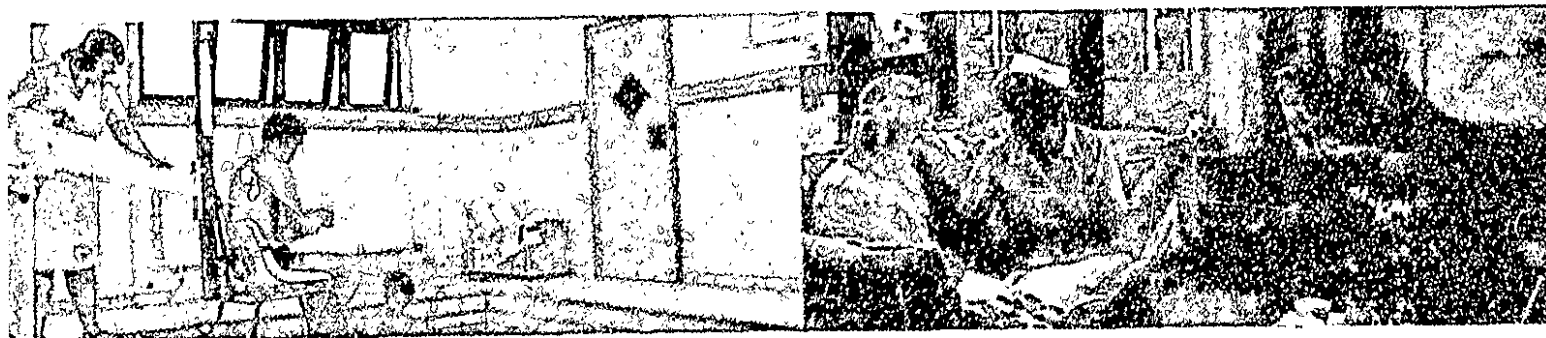
**MA., FFAR.C.S. Age 60. Governor since 1980. Consultant Anaesthetist. Member, General Medical Council. Fellow and Member of Council, British Medical Association. Surgeon in-Chief, St. John Ambulance Brigade.**

**C.B.E., M.A., M.I.Chem.E.** Age 63. Governor since 1987. Chairman, BUPA's Health Insurance (UK) Divisional Board since January 1991. Director, BUPA Investments Limited. Chairman, PostTel Investment Management Limited. Deputy Chairman, Securities and Investments Board. Director, 3i Group plc; Clerical Medical Investment Group; Booker plc.

EC I.S. Age 47. Governor since 1984. Managing Director of BUPA's Health Insurance (UK) Division since January 1990. Joined BUPA in 1967 and has held a number of senior appointments, including Managing Director of BUPA's Health Services Division.

### Executive Governors

**Personal interviews in a friendly environment at BUPA's new training home.**  
**Widespread on-site sales.**



# REPORT OF THE BOARD OF GOVERNORS

The Governors of The British United Provident Association Limited present their forty-fourth annual report together with the audited accounts for the year ended 31st December 1990.

The principal activities of the BUPA Group are the operation of health insurance funds and the provision of health care facilities including the operation of acute care hospitals, nursing homes for the elderly and the provision of health screening, occupational health and nursing agency services.

The results of The British United Provident Association Limited and its subsidiary undertakings for the year are reported on page 19. The deficit of £12,252,000 (1989 surplus - £1,871,000) has been transferred from reserves.

A review of the operations of the Association is contained in the Chairman's Statement which forms part of this Report.

The average weekly number of persons employed in the UK by the Group during the year ended 31st December 1990 was 9,253 and the aggregate gross remuneration (excluding Social Security costs and pension contributions) amounted to £96 million.

BUPA gives support to a number of charitable organisations and its charitable contributions for the year amounted to £73,000. In addition payments made during the year under deeds of covenant to the three medical charities which BUPA itself set up totalled £342,000. No donations were made for political purposes.

Changes in the fixed assets of the Group during the year are shown in Note 5 to the Accounts.

The effective delivery of service to BUPA's many customers requires staff to be fully and regularly briefed on company developments. This is achieved through various house journals, internal notices and a daily press cuttings service. Staff are encouraged to submit views on matters of general policy or any issue of employee concern and managers are expected to keep their staff fully informed on current issues.

BUPA is committed to training and development and offers many opportunities for staff to improve their skills and abilities through in house training programmes, various external courses and through the encouragement of internal promotions. 1990 saw the launch of important new Management Development initiatives which will extend the opportunities for career progression.

Our recruitment policy ensures that disabled persons are given every opportunity to be considered equally with able-bodied applicants both in relation to appointment and promotion.

The Governors of the Company at the date of this report are shown on pages 14, 15 and 16. Mr L.E.H. Williams, C.B.E., Mr R.H. Clarke, and Dr E.S. Blackander served on the Board until their retirements on 3rd July, 14th July and 25th November 1990 respectively. Mr D.J. Allan and Mr R.M. Graham served throughout 1990 but retired from the Board on 15th February 1991 and 19th April 1991 respectively.

Mr B.S. Hawkins, Mr D.R. Spray and Lord Walsley retire by rotation and being eligible, offer themselves for re-election.



# CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31st December 1990

	Notes	£000s	£000s
<b>HEALTH INSURANCE</b>			
Subscriptions earned: UK		543,662	
Overseas		129,875	
		673,537	
Benefits		(606,623)	
Expenses		(130,172)	
		(63,258)	
<b>HEALTH SERVICES</b>			
Income		197,692	
Expenses		(180,826)	
		16,866	
INCOME FROM INVESTMENTS	1	8,090	
TAXATION	4	(3,950)	
TRANSFER FROM TO RESERVES		(42,252)	

## STATEMENT OF CONSOLIDATED RESERVES

Balance at beginning of year		302,901	
Transfer (+) / from income and expenditure account	12	(42,252)	
Investment (depreciation)/appreciation		(23,639)	
Property revaluation surplus		—	
Goodwill written off		(391)	
Exchange gains/(losses)		3,036	
Balance at end of year		239,655	



# BALANCE SHEET AT 31ST DECEMBER 1990

	Notes	1990/91	1989/90
<b>FIXED ASSETS</b>	5		3,627
<b>INVESTMENT IN SUBSIDIARY UNDERTAKINGS</b>	7		271,478
<b>CURRENT ASSETS</b>			
Subscriptions receivable		26,056	
Debtors	8	11,149	
Bank balances		10,084	
			47,889
			322,002
<b>LIABILITIES</b>			
Unearned subscriptions		142,930	
Outstanding claims		98,430	
Bank overdraft		1,028	
Other liabilities	11	12,176	
			254,573
			67,819
<b>Represented by:</b>			
<b>RESERVE</b>	12		67,819

These accounts were approved by the Board of Directors on 31st May 1991

Lord Wigoder

Chairman

*Wigoder*

D. R. Spray

Secretary

*D. R. Spray*



# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

*For the year ended 31st December 1999*

	Y2000
<b>SOURCE OF FUNDS</b>	
Income and expenditure account	(42,252)
Adjustments to convert to a funds basis:	
Depreciation	22,794
Taxation	3,950
	(15,508)
Movement in:	
Net current assets	1,258
Unearned subscriptions	11,570
Outstanding claims	6,162
Total generated from operations	3,482
Funds from other sources:	
Associated undertakings	333
Repayment of secured and unsecured loans	1,676
Long term loan	-
Investment (depreciation)/appreciation	(21,353)
Exchange gains/(losses)	3,036
	(15,826)
<b>APPLICATION OF FUNDS</b>	
Net additions to fixed assets	19,389
Taxation	8,132
Goodwill on acquisition, heads of deferred consideration	391
Deferred consideration	28,467
	56,379
Movement in portfolio investments	(72,205)
Listed investments	(48,914)
Short term deposits	(35,716)
Bank balances	12,455
	(72,205)

# STATEMENT OF ACCOUNTING POLICIES

## *(a) Basis of presentation*

The accounts are prepared in accordance with Chapter II of Part VII of the Companies Act 1985, which cover the disclosures relating to insurance companies, and applicable accounting standards. As permitted by section 228(7) of the Companies Act 1985, the company has not presented its own income and expenditure account.

## *(b) Basis of consolidation*

The consolidated accounts incorporate the accounts of the Company and its subsidiaries to 31st December.

## *(c) Goodwill*

Goodwill arising on consolidation, representing the excess of purchase consideration over the fair value of the net assets acquired, is written off in the year of acquisition.

## *(d) Subscriptions*

Subscriptions earned represent the proportion of subscriptions relating to cover provided for the year, net of experience related refunds. Unearned subscriptions which relate to unexpired periods of cover are carried forward to the subsequent accounting year.

## *(e) Claims*

Provision is made for the estimated cost of claims for treatment incurred up to the balance sheet date and outstanding at that date.

## *(f) Fixed assets and depreciation*

Freehold and leasehold properties are stated at cost or valuation; all other fixed assets are stated at cost.

No depreciation is provided on freehold land or on buildings under construction; depreciation of the cost or valuation of other fixed assets is provided by reference to the expected lives of the assets.

Freehold buildings	=	50 years
Leasehold property	=	term of lease
Equipment	=	3 to 10 years

## *(g) Investments*

Listed investments are stated at market value.

Realised profits and losses, less attributable taxation and unrealised movements representing the difference between market value and cost of listed investments, are taken directly to reserves as investment appreciation.

Dividends on equity investments are accounted for on a received basis; other investment income is accounted for on an accruals basis.

## *(h) Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling and recorded at prevailing exchange rates. Assets and liabilities of overseas subsidiaries are translated into sterling at the exchange rate ruling at the balance sheet date and their results are translated at average rates. Differences arising on translation are taken directly to reserves.

## *(i) Contributions to pension funds*

The cost of providing retirement pensions and related benefits is charged to the income and expenditure account over the periods which are expected to benefit from the employees' services. Any difference between the charge to the income and expenditure account and the contributions paid to the schemes is included as an asset or liability in the balance sheet.

## *(j) Deferred tax*

Provision is made for taxation on timing differences arising from the basis of accounting for investment income and the excess of capital allowances over depreciation where it is considered that tax will become payable in the foreseeable future.

# NOTES ON THE ACCOUNTS

## 1 INCOME FROM INVESTMENTS

	1899
	10000
Listed	6366
Short term deposits	16989
Other	2441
	25796
Interest payable	(14,860)
Investment expenses	(2,846)
	8,090

## 2 TRANSFER FROM TO RESERVES

The transfer is stated after	1900
	10000

Interest payable	
Bank loans and overdrafts	7,861
Other loans repayable within five years	772
Deferred consideration	7,895
	16,028

Charged against investment income	14,860
trading income	1,168
	16,028

Depreciation	22,794
Hire of equipment	1,565
Auditors' remuneration	350

## 3 GOVERNMENT

by Government's commitments	1900
	10000
Pensions	153
Other commitments	841
Compensation payments	129
	1,123

Compensation payments include an amount of £18,000 paid through a consultancy undertaking.

## NOTES ON THE ACCOUNTS

### (a) *Governors continued*

The emoluments, excluding pension contributions, of the Chairman amounted to £62,128 (1989 - £44,675), those of the highest paid Governor amounted to £176,278 (1989 - £143,612) and those of the other Governors fell within the following bands:

	1990 Number	1989 Number
£5,000 - £10,000	3	2
£10,001 - £15,000	2	1
£15,001 - £20,000	1	1
£20,001 - £25,000	2	1
£60,001 - £65,000	1	1
£70,001 - £75,000	1	1
£75,001 - £80,000	1	1
£80,001 - £85,000	2	1
£90,001 - £95,000	1	1
£95,001 - £100,000	1	1
£100,001 - £105,000	1	1
£105,001 - £110,000	1	1
	<b>14</b>	<b>14</b>

### (b) *Governors' interests*

BUFA operates house purchase, education and season ticket loan schemes for many of its full-time employees, including those senior staff who are also Governors. With regard to the house purchase and education schemes, advances are made to a life assurance company which in turn lends amounts at an interest rate of 4%, the various loans being secured by life assurance policies taken out by the beneficiaries. Interest-free season ticket loans are unsecured and repayable over a maximum of twelve months. Further information which is required to be disclosed in the annual accounts, is set out below:

	Amount outstanding 1990	Maximum loan commitment
	£	£
M.J. Smith - Education	4,200	4,200
R.H. Clarke - Season ticket	644	644

At no time during the year did the amount outstanding exceed the maximum loan commitment. Interest due has been paid to date.

Mr. R.M. Graham has an option, within 12 months of retirement, to purchase a half share in a freehold house owned by a subsidiary for the sum of £74,000.

## NOTES ON THE ACCOUNTS

### 4. TAXATION

The taxation charge arises on investment income and on the operating results of subsidiary companies, as follows:

	1990
	£000s
United Kingdom corporation tax at 34.25% (1989 - 35%)	5,412
Tax on franked investment income	1,048
Deferred tax	(2,510)
	3,950

### 5. FIXED ASSETS

#### GROUP

	Freehold properties	Leasehold properties	Equipment	Total
	£000s	£000s	£000s	£000s
<b>Cost or valuation:</b>				
At 1st January 1990	315,978	37,784	82,364	436,126
Transfers	946	=	11,437	12,383
Exchange adjustment	(1,583)	(116)	(820)	(2,419)
Additions	5,510	2,904	16,616	25,030
Disposals	(2,824)	(1,118)	(4,301)	(8,243)
At 31st December 1990	318,027	39,554	105,296	462,877
<b>Depreciation:</b>				
At 1st January 1990	1,950	2,280	28,605	32,835
Transfers	946	=	11,437	12,383
Exchange adjustment	(97)	=	(384)	(481)
Charge for the year	5,996	741	16,057	22,794
On disposals	(257)	(1,106)	(3,177)	(4,540)
At 31st December 1990	8,538	1,915	52,538	62,991
<b>Net book value:</b>				
31st December 1990	309,489	37,639	52,758	399,886
31st December 1989	294,780	37,674	52,758	385,212
<b>Depreciable amount at 31st December 1990</b>	<b>263,108</b>	<b>37,674</b>	<b>105,296</b>	<b>406,078</b>
<b>Non-depreciable amount at 31st December 1990</b>	<b>54,919</b>	<b>1,880</b>	<b>=</b>	<b>56,799</b>
<b>Freehold properties:</b>				
Valuation - 1989	125,857			
Valuation - 1988	22,543			
Cost	169,627			
	318,027			

The transfers represent pre-acquisition depreciation on the assets of companies acquired during 1989.

# NOTES ON THE ACCOUNTS

## 5 FIXED ASSETS - continued

Equipment includes assets held under finance leases with a net book value at 31st December 1990 of £1,191,000 (1989 - £1,143,000).

### COMPANY

	Equipment
	£000
Cost:	
At 1st January 1990	4,532
Additions	2,036
Disposals	(1,007)
At 31st December 1990	5,561
Depreciation:	
At 31st January 1990	1,550
Charge for the year	999
On disposals	(615)
At 31st December 1990	1,934
Net book value:	
31st December 1990	3,627
31st December 1989	3,181

## 6 INVESTMENTS

### GROUP

#### (a) Listed

	1990	1989
	£000	£000
Government stocks:		
UK	18,682	18,682
Overseas		
Equities:		
UK	72,619	72,619
Overseas	15,438	15,438
	136,769	136,769

#### (b) Secured loans

Loans of £1,500,000 made to Nuffield Nursing Home Trust, secured by a first floating charge on the assets of that company, were repaid during 1990.

Loans to private hospitals to assist in their development, amounting to £320,000 (1989 - £414,000) net of provisions, are repayable over periods of up to 11 years.

## NOTES ON THE ACCOUNTS

### 6 INVESTMENTS - *continued*

#### (c) *Unsecured loans*

Unsecured loans to private hospitals to assist in their development, amounting to £665,000 (1989 - £747,000) net of provisions, are repayable over periods of up to four years.

#### (d) *Associated undertakings*

The principal associated undertakings are listed at note 16. The results in respect of these holdings have not been included as the amounts involved are considered immaterial.

### 7 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1990
	£000s
Shares at cost	1
Amounts due from subsidiary undertakings	327,181
Amounts due to subsidiary undertakings	(55,706)
	271,476

The principal subsidiary undertakings are listed at note 15

### 8 DEBTORS

	GROUP	COMPANY
	1990	1989
	£000s	£000s
Trade debtors	21,159	-
Investment debtors and accrued investment income	2,466	-
Other debtors	25,227	11,149
Stock	6,570	-
	55,422	11,149

### 9 BANK LOANS AND OVERDRAFTS

At 31st December 1990 BUPA Investments Limited had unsecured loans totalling £50,000,000 (1989 - £50,000,000). Interest on the loans is linked to LIBOR and the loans are repayable by December 1999.

Loans amounting to £4,420,000 (1989 - £6,374,000) relate to Blackrock Hospital Limited and are secured by a first fixed and floating charge on the assets of Blackrock Hospital Limited and its subsidiary. The loans are repayable in five annual instalments commencing on 31st December 1991. Interest is linked to the Dublin inter-bank rate.

## NOTES ON THE ACCOUNTS

### 10 DEFERRED CONSIDERATION

On 8th February 1989 the Group completed the purchase of 98% of the issued share capital of Sanitas de Seguros SA, the largest independent health care organisation in Spain. Under the terms of the contract with the principal vendor, the share price was subject to a completion audit, as a result of which substantial warranty claims have been made. Nevertheless, as these claims are still outstanding, the accounts reflect the full purchase price before warranty claims. On this basis, the liability to the vendor would fall due for payment as follows:

	Payable in 1998
1991	3,839
1992	2,064
1993	2,137
1994	2,137
1995 to 1997	6,411
	16,588

together with simple interest at 8% per annum from 8th February 1989 on the balance outstanding, payable in 1998

### 11 OTHER LIABILITIES

	1989 £000	1988 £000
	£100,000	£10,000
Trade creditors	11,145	
Other creditors	35,000	12,000
Loans	1,021	
Corporation tax	7,123	82
Deferred tax	1,111	
	56,220	12,176

(Other creditors of the Group include obligations under finance lease arrangements to £888,000 (1989 = £801,000))

### DEFERRED TAXATION

	Ascertained	Estimated
	£000	£000
	£100,000	£100,000
Accelerated capital allowances	606	15,176
Other timing differences	845	845
Freehold property revaluation surplus	-	122,022
Unrealised appreciation in investments	-	4,598
	1,441	52,641



## NOTES ON THE ACCOUNTS

### 12 RESERVES

The excess of expenditure over income deducted from consolidated reserves includes a deficit of £44,073,000 (1989 = £12,593,000) attributable to the Company.

Consolidated reserves are stated after writing off accumulated goodwill of £178 million.

### 13 CAPITAL COMMITMENTS

	1990	1989
	£(000)	£(000)
Contracts placed for future capital expenditure	561	22
Capital expenditure authorised but not contracted for	8,530	—
	9,091	22

### 14 PENSIONS

The Company and its UK subsidiaries operate defined benefit pension schemes under which contributions by employees and the company are administered by trustees in funds independent of the company. The schemes are funded to cover future pension liabilities including those arising from expected future earnings and pension increases. Independent valuations are undertaken every three years on the basis of which the actuary recommends the rates of contributions. Details of the latest valuation of the two principal schemes are as follows:

	BPFSS & UK Subsidiaries Schemes BPFSSs	BHSPS Birmingham BHSs
Valuation date	1st July 1990	1st October 1990
Method of valuation	Projected unit method	Projected unit method
Assumptions		
Investment return	9%	9%
Annual increase in		
Pensionable salary	8%	8%
Social security	8%	8%
Pension	5%	3%
Aggregate market value of assets	£68,360,000	£6,881,700

At the above dates, the net actuarial value of the BPFSS and BHSPS assets represented 123% and 102% respectively of the benefits due to members. The excess assets of BPFSS eliminate the need for the Company and certain of its subsidiaries to make any contributions to the Scheme for a three year period commencing on 1st July 1991.

Pension costs charged in the year amounted to £9,474,000 (1989 = £9,163,000). The accounts include a prepayment of £2,402,000 representing the excess of contributions made over the accumulated pension cost.

## NOTES ON THE ACCOUNTS

### 15. PRINCIPAL SUBSIDIARY UNDERTAKINGS

The principal subsidiary undertakings listed below are incorporated in Great Britain and registered in England and Wales, and are wholly owned, except where otherwise stated.

#### HEALTH SERVICES

BUPA Health Services Limited

BUPA Hospitals Limited

BHIL Hospitals Limited

BUPA Care for the Elderly Limited

BUPA Nursing Services Limited

BUPA Medical Centre Limited

BUPA Occupational Health Limited

BUPA Mobile Screening Limited (99% holding)

Blackrock Hospital Limited (56% holding) (Republic of Ireland)

BHSL Hospitals Limited

BHSL Limited

BUPA Nursing Homes Limited

#### INTERNATIONAL

BUPA International Limited (Hong Kong)

BUPA Asia Limited (Hong Kong)

BUPA Limited (Hong Kong)

Gestion y Control Sanitario SA (99% holding) (Spain)

Gestora de Clinicas SA (99% holding) (Spain)

Organizacion Medica SA (99% holding) (Spain)

Sanitas de Seguros SA (99% holding) (Spain)

#### INVESTMENTS

\*BUPA Financial Securities Limited

\*BUPA Investments Limited

BUPA Spain Limited

#### SUPPORT SERVICES

BUPA Administrative Systems Limited

BUPA Services Limited

\*Direct subsidiaries of the Company

# NOTES ON THE ACCOUNTS

## 16. PRINCIPAL ASSOCIATED UNDERTAKINGS

	H.M.L. 82
<i>Incorporated in Great Britain:</i>	
Cardiff Medical Services Limited (registered in England and Wales) 148,000 £1 ordinary 'B' shares	36
The Murrayfield plc. (registered in Scotland) 999,550 25p shares	29
<i>Incorporated in Spain:</i>	
Promociones Técnicas Médicas SA 301 Ptas 50,000 ordinary shares	31
Centro de Rehabilitación y Fisioterapia SA 500 Ptas 10,000 ordinary shares	33
Centro Médico de Chequeros y Diagnósticos SA 2,500 Ptas 1,000 ordinary shares	25

## REPORT OF THE AUDITORS, KPMG PEAT MARWICK McLINTOCK

TO THE MEMBERS OF THE BRITISH UNITED PROFESSIONAL ASSOCIATION LIMITED

We have audited the accounts set out on pages 19 to 32 in accordance with Auditing Standards. In our opinion the accounts have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to insurance companies.

KPMG Peat Marwick McLintock  
Chartered Accountants

*KPMG Peat Marwick McLintock*

London  
31st May 1991

# FINANCIAL INFORMATION 1986 - 1990

	1986	1987	1988	1989	1990
	¥1000's	¥1000's	¥1000's	¥1000's	¥1000's
TRADING INCOME					
Subscriptions	365,057	406,712	439,450	584,619	679,537
Health Services	43,828	58,120	72,051	129,416	197,692
	408,885	464,832	511,501	714,035	877,229
TRANSFER TO (FROM) REVENUE RESERVE	42,114	45,931	13,320	1,871	(42,252)
Fixed Assets	95,015	113,514	151,195	403,291	399,886
Investments	390,988	411,566	412,071	292,493	205,824
Other assets/(liabilities)	2,944	23,897	23,611	(152,356)	(107,927)
Unearned subscriptions	(119,774)	(124,245)	(132,012)	(131,382)	(142,952)
Outstanding claims	(50,003)	(53,920)	(69,497)	(107,880)	(114,642)
Minority interests	(837)	(1,492)	(1,177)	(1,265)	(1,134)
	318,333	369,320	387,191	302,901	239,655
Represented by:					
Reserves before	318,762	369,320	394,066	474,018	210,046
goodwill written off	(429)	-	(6,875)	(171,117)	(691)
	318,333	369,320	387,191	302,901	239,655
<i>Number of registrations</i>	<i>1,557,000</i>	<i>1,488,000</i>	<i>1,581,000</i>	<i>1,929,000</i>	<i>2,024,000</i>



$$\sum_{i=1}^n \frac{1}{i} = 1 + \frac{1}{2} + \frac{1}{3} + \dots + \frac{1}{n}$$

## ADDRESSES

### ENGLAND

**Head Office**  
**Nursing Homes**  
**BEKHILL ON SEA** Greenacres Park, Brookfield Road, Bekhill on Sea, East Sussex TN39 1NY (0424) 815255  
**BORNEKNOTH** Queensmount, 18 Queens Park, West Drive, Bournemouth District BH8 9DA (0202) 591111  
**CURFESTER** Abbey House, 118 Trafalgar Road, Curfester (Bournemouth) GL7 2ED (0425) 650671  
**CROYDON** Red Court, 27 Stanhope Road, Croydon, Surrey CR0 2NS (01 481 2350)  
**GREAT DUNMOW** Creek House, Braintree Road, Great Dunmow, Essex CM6 1HK (0257) 872115  
**KINGSWOOD** Winscombe, Furze Hill, Kingswood, Surrey KT20 6EP (0252) 362112  
**MILTON KEYNES** BUPA House, 1 Chapman Avenue, Downs Park, Milton Keynes MK14 7NH (0908) 667364  
**NORWICH** Oakwood House, Old Wotton Road, Colney, Norwich NR4 7TP (0603) 750111  
**SEVENOAKS** Pinchurst House, Pinchurst, Off Fulmer Lane, Sevenoaks, Kent TN14 5AQ (0732) 82071  
**UTTOX** The Manor House, Marton Road, Upton in the Wolds LE19 4NZ (01 477 0699)

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**GLASGOW** Ingleside, 310 Broughty Ferry Road, Dundee DD4 7NJ (0342) 442176, 442015  
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**MANCHESTER** BUPA Medical Centre Manchester, 9 St. John Street, Manchester M3 4JW (061 833 8161)

### SCOTLAND

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**Administration Centre**  
**GLASGOW** President House, Fawcett Street, London WC2R 0JX (01 355 6212)  
**GLASGOW** Imperial House, 40-42 MacLeod Road, Brighton BN1 3WU (0273) 83587  
**GLASGOW** BUPA Glasgow Islands, Anchor Agencies Limited, PO Box 144, George Town Trust Building, Grand Cayman, British West Indies (0461 809 912) 81169  
**GLASGOW** BUPA Gibraltar, PO Box 45, 415 Main Street, Gibraltar (010 350) 29500  
**HONG KONG** BUPA Ltd Customer Service Centre, 106A Sun Hang Kiu Centre, 30 Harbour Road, Wanchai, Hong Kong (010 852 2 477 0625) 2638  
**MALTA** BUPA Agencies, Vincent Buildings, 15 Strand Street, Valletta, Malta (010 356) 224102 or 222291  
**SPAIN** Sanitas SA, Serrano 800, Madrid 28006, Spain (010 34 1 5022470)

### UNITED KINGDOM

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**BUPA MEDICAL RESEARCH DEVELOPMENT**  
**Battle Bridge House** 100 Larkway Park Road, London WC1X 8JG (01 457 8414)  
**NORTHAMPTON**  
**Suffolk House** 14 The Crescent, Sudbury, Suffolk CB6 4BN (01 263 2290)

