

BUPA INVESTMENTS LIMITED

(Registered No. 902253)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994



BUPA INVESTMENTS LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1994

The Directors present their twenty-eighth Annual Report and the audited financial statements for the year ended 31 December 1994.

1. Principal Activities

The principal activity of the company during the year and for the foreseeable future, is that of an investment company. The directors consider the results for the year to be satisfactory; future prospects are dependant upon the performance of the UK securities markets.

On 21 March 1994, the Company subscribed for an additional 25,050,000 shares in BUPA Treasury Limited.

On 16 June 1994, the Company subscribed for an additional 15,000,000 shares in BUPA Health Assurance Limited.

On 21 December 1994, the Company sold the whole of the issued share capital of BUPA Care for the Elderly Limited.

The activities of the subsidiary undertakings are given in note 10 of the accounts.

2. Results and Dividend

The loss for the year, after taxation, amounted to £ 32,742,000(1993 - Profit £8,049,000). The Board did not propose an interim dividend for the year ended 31 December 1994. No final dividend is proposed (1993 - Nil). Transfers to reserves are shown in note 15 to the accounts.

3. Fixed assets

The changes in tangible fixed assets during the year are summarised in note 9 to the accounts.

The directors believe that the market value of freehold property is approximately £2,000,000 higher than book value.

BUPA INVESTMENTS LIMITED

REPORT OF THE DIRECTORS (continued)

FOR THE YEAR ENDED 31 DECEMBER 1994

4. Covenants and charitable donations

The amounts of covenants and charitable contributions for the year are summarised in note 4 to the accounts.

5. Board of Directors

The names of persons who were members of the Board of Directors at any time during the year are as follows:

E. W. Lea, F.C.A. (Chairman)
C. G. Davies, B.A.
M Ellerby (Appointed 23.09.94)
P. A. Jacobs, B.Sc.
F. A. Kee, A.C.A. (Resigned 23.09.94)
A. D. Walford, LL.B

There are no Directors' interests requiring disclosure under the Companies Act 1985.

6. Directors and Officers' liability insurance

During the year the company's ultimate holding company, The British United Provident Association Limited (BUPA), purchased insurance on behalf of the Directors and Officers of BUPA and its subsidiary undertakings against liability or breach of trust in relation to BUPA and any of its subsidiaries.

7. Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and accordingly have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Registered Office:

**Provident House
24/27 Essex Street
London
WC2R 3AX**

16 March 1995

By Order of the Board



**A. D. Walford
Secretary**

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT

OF THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' report set out on page 5, is made for the purpose of clarifying the respective responsibilities of the directors and the auditors in the preparation of the accounts.

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

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.

REPORT OF THE AUDITORS
TO THE MEMBERS OF BUPA INVESTMENTS LIMITED

We have audited the financial statements on pages 6 to 22.

Respective Responsibilities of Directors and Auditors

As described on page 4, the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements, and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors
London

16 March 1995

BUPA INVESTMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1994

		<u>1994</u>	<u>1993</u>
	<u>Note</u>	<u>£000's</u>	<u>£000's</u>
Income	2	7,218	27,968
Operating Charges		(3,773)	(2,986)
Operating Profit	3	3,445	24,982
Interest payable and similar charges	5	60,099	20,112
Profit on disposal of subsidiary undertaking	6	(17,742)	-
		(42,357)	(20,112)
(Loss)/Profit on ordinary activities before taxation		(38,912)	4,870
Tax on (loss)/ profit on ordinary activities	7	6,170	3,179
(Loss)/Profit for the financial year transferred to revenue reserves	15	(32,742)	8,049

All results relate to continuing operations.

Statement of Total Recognised Gains and Losses For the Year Ended 31 December 1994

	<u>1994</u>	<u>1993</u>
	<u>£000's</u>	<u>£000's</u>
(Loss)/Profit for the financial year	(32,742)	8,049
Investment (Depreciation)/Appreciation	(6,131)	13,576
Total recognised (losses)/gains relating to the year	(38,873)	21,625

Note of Historical Cost Profits and Losses for the Year Ended 31 December 1994

	<u>1994</u>	<u>1993</u>
	<u>£000's</u>	<u>£000's</u>
Reported (loss)/profit on ordinary activities before taxation	(38,912)	4,870
Realisation of investment appreciation gains of previous year	1,708	29,217
Historical cost (loss)/profit on ordinary activities before taxation	(37,204)	34,087
Historical cost (loss)/profit for the year retained after taxation	(31,034)	37,266

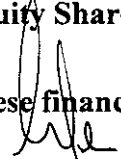
The accounting policies and notes on pages 8 to 22 form part of these accounts.

BUPA INVESTMENTS LIMITED

BALANCE SHEET AT 31 DECEMBER 1994

		1994		1993
	Note	£000's	£000's	£000's
Fixed assets				
Tangible assets	9	15,780		15,934
Investments	10	517,668		429,738
			533,448	445,672
Current assets				
Debtors	11	1,195,033		1,017,870
Cash at bank and in hand		5,060		1,669
		1,200,093		1,019,539
Less:				
Creditors - amounts falling due within 1 year	12	108,722		74,242
Net current assets				
(including amount due after more than one year of £1,192,538 - 1993, £1,004,956)			1,091,371	945,297
Total assets less current liabilities			1,624,819	1,390,969
Less:				
Creditors - amounts falling due after more than one year	12	1,351,908		1,079,185
Provisions for liabilities and charges	13	1,871		1,871
			1,353,779	1,081,056
			271,040	309,913
Capital and reserves				
Called up share capital	14		50	50
Revaluation reserve	15		3,030	3,030
Investment appreciation reserve	15		18,516	26,355
Profit and loss account	15		249,444	280,478
Equity Shareholders Funds	16		271,040	309,913

These financial statements were approved by the Board on 16 March 1995.


Edward Lea
Director

The accounting policies and notes on pages 8 to 22 form part of these accounts.

BUPA INVESTMENTS LIMITED

STATEMENT OF ACCOUNTING POLICIES

a) Basis of presentation

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold property and listed investments, and in accordance with applicable accounting standards.

The company has taken advantage of an exemption under Financial Reporting Standard No 1 for wholly owned subsidiary undertakings not to produce a cash flow statement. A consolidated cash flow statement is included in the accounts of the British United Provident Association Limited, the ultimate holding company.

b) Investments

Listed investments are stated at market value. Unrealised gains and losses are taken directly to reserves.

Short term deposits are included at cost.

All other investments are included at cost less any provision for permanent diminution in value.

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

Profits or losses on disposal are accounted for by reference to carrying values.

c) Depreciation

Depreciation is calculated to write-down the cost or valuation of tangible fixed assets to their estimated residual value over their expected useful lives. The rates and methods generally applicable are:

Freehold buildings	- 2% straight line
Motor vehicles	- 25% straight line

Depreciation of leasehold property is based on the straight line method over the length of the lease, less one year.

No depreciation is provided on freehold land or on buildings under construction.

d) Deferred taxation

Provision is made for taxation on timing differences arising from the basis of accounting for investment income and interest or on a property revaluation surplus, where it is considered that tax will become payable in the foreseeable future. Deferred tax arising on the revaluation of investments is taken to the Investment Appreciation Reserve.

BUPA INVESTMENTS LIMITED

STATEMENT OF ACCOUNTING POLICIES

e) Foreign exchange

Where foreign currency borrowings have been used to finance foreign listed investments the foreign listed investments are denominated in the foreign currency to the extent that they are so financed and are translated at the exchange rate ruling on the balance sheet date or at the future contracted rate where appropriate. Any exchange differences arising on the foreign currency borrowings are taken directly to reserves and are offset against the exchange differences arising on retranslation of the foreign listed investment. Any other foreign currency assets and liabilities are retranslated at the year end. Any differences are charged to the profit and loss account.

f) Off balance sheet investments

Off balance sheet investments used in trading activities are carried at market value. Profits and losses on instruments which are used to hedge exposure are recognised in a manner that reflects the accounting treatment of the assets or liabilities being hedged.

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

1. Ultimate Holding company

The company is exempt (under S228 of the Companies Act 1985) from the requirements to prepare group accounts and to deliver them to the Registrar of Companies. These accounts therefore present information about the company as an individual undertaking. The company is included in the consolidated accounts of its ultimate holding company. The British United Provident Association Limited, which is registered in England and Wales. A copy of the accounts of that company may be obtained from The Registrar of Companies, Companies House, Cardiff, CF4 3VZ.

2. Income

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Investment Income:		
Listed investments	11,476	16,534
Short term deposits	5,236	4,162
 Rental Income	114	130
Rental Income from group companies	1,277	1,000
 (Loss)/Profit on sale of listed investments	(10,885)	6,125
 Underwriting Commission	-	17
	<u>7,218</u>	<u>27,968</u>

3. Operating Profit

Operating profit is arrived at after charging/(crediting):

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Exchange Gains	(111)	(2,556)
Depreciation	242	255
Other operating costs	2,787	2,195
Auditors' remuneration for audit work	14	15
Covenants and Charitable Contributions (see note 4)	731	521

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

4. Covenants and charitable contributions

Payments made under deed of covenant:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Charities sponsored by BUPA:		
The BUPA Medical Foundation Limited	334	189
BUPA Medical Research & Development Limited	150	140
Other charities	247	192
	<u>731</u>	<u>521</u>

5. Interest Payable

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Bank loans	3,209	3,369
Other loans	46	77
Group undertakings	55,444	14,766
Deferred consideration	1,400	1,900
	<u>60,099</u>	<u>20,112</u>

6. Profit on Disposal of Fixed Asset

The profit on disposal of the company investment in BUPA Care for the Elderly has been calculated as follows:

	<u>£000's</u>	<u>£000's</u>
Proceeds (net of sale expenses)		28,127
Less cost of investment	74	
Other loan balances	<u>10,311</u>	
		<u>(10,385)</u>
		<u>17,742</u>

This transaction has increased the tax charge by £3,403,000.

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

7. Tax on profit on ordinary activities

Taxation charge based on the result for the year:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Corporation tax at 33% (1993 - 33%)	4,424	1,366
Tax on franked investment income	465	840
Deferred tax	(13,334)	(1,847)
	<u>(8,445)</u>	<u>359</u>

Taxation under/(over) provided in previous years:

Corporation tax	1,888	(907)
Group relief	135	(2,651)
Deferred tax	252	20
	<u>(6,170)</u>	<u>(3,179)</u>

The deferred tax credit relates to interest payable which is expected to reverse in the next twelve months.

8. Employees and Directors

a) Employees.

There are no employees employed by the company. Administration is carried out by personnel of other group companies and recharged via management charges.

b) Directors

No Directors received emoluments during the year (1993 - £Nil).

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

9. Tangible fixed assets

	<u>Freehold Property £000's</u>	<u>Leasehold Property £000's</u>	<u>Payments on account £000's</u>	<u>Total £000's</u>
Cost or valuation				
At 1 January 1994	13,729	5,166	1,868	20,763
Additions	69	19	-	88
Disposals	-	-	-	-
Reclassification	-	1,612	(1,612)	-
At 31 December 1994	<u>13,798</u>	<u>6,797</u>	<u>256</u>	<u>20,851</u>
Cost	318	6,797	256	7,371
Valuation - 1993	13,480	-	-	13,480
	<u>13,798</u>	<u>6,797</u>	<u>256</u>	<u>20,851</u>
Depreciation				
At 1 January 1994	230	4,599	-	4,829
Charge for the year	231	11	-	242
On disposals	-	-	-	-
At 31 December 1994	<u>461</u>	<u>4,610</u>	<u>-</u>	<u>5,071</u>
Net book value at 31 December 1994	<u>13,337</u>	<u>2,187</u>	<u>256</u>	<u>15,780</u>
Net book value at 31 December 1993	<u>13,499</u>	<u>567</u>	<u>1,868</u>	<u>15,934</u>
Depreciable amount at 31 December 1994	<u>11,848</u>	<u>2,903</u>	<u>-</u>	<u>14,751</u>
Depreciable amount at 31 December 1993	<u>11,779</u>	<u>723</u>	<u>-</u>	<u>12,502</u>

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

The freehold and leasehold interests in office properties at Rowell House, Provident House and No.15-17 Essex Street, London WC2 were valued on 31 December 1992 by Knight Frank & Rutley on the basis of open market value for existing use. The freehold interest in a training centre at St Leonards House, Eynsham was valued on the basis of open market value.

The net book value of leasehold property comprises:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Long leasehold	310	315
Short leasehold	1,877	252
	<u>2,187</u>	<u>567</u>

The effect of the valuation adjustments on the historical cost of freehold property is as follows:

	<u>Cost</u> <u>£000's</u>	<u>Valuation</u> <u>Adjustment</u> <u>£000's</u>	<u>Cost or</u> <u>Valuation</u> <u>£000's</u>
Cost	14,845	(1,047)	13,798
Depreciation	(1,952)	1,491	(461)
	<u>12,893</u>	<u>444</u>	<u>13,337</u>

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

10. Investments

	<u>31.12.94</u>	<u>Additions</u>	<u>Disposals</u>	<u>01.01.94</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Listed investments	198,026	408,665	(416,493)	205,854
Short term deposits	67,016	55,033	-	11,983
Group companies:				
Shares	246,283	50,115	(74)	196,242
Loans	22,343	-	(9,353)	31,696
Participating interests:				
Shares	200	-	-	200
Other investments:				
Loans	309	100	(163)	372
	<u>534,177</u>	<u>513,913</u>	<u>(426,083)</u>	<u>446,347</u>
Provisions	(16,509)	-	100	(16,609)
	<u>517,668</u>	<u>513,913</u>	<u>(425,983)</u>	<u>429,738</u>

Disposals of listed investments above represents £410,289,000 of disposals at cost and the net reduction in investment appreciation reserve for the year of £ 6,203,000.

Movements in investments in group companies comprise:

<u>Additions</u>	<u>£</u>	<u>% Held</u>
BUPA Treasury Limited	25,050,000	100
BUPA Health Assurance	15,000,000	100
BUPA Properties (1994) Limited (formerly Nextmain Projects Limited)	10,000,000	100
BUPA Trustees Limited	49,999	100
Blackrock Hospital Limited	15,195	56
Actagent Limited	99	99
BUPA Claims Administration Limited	100	99
	<u>50,115,393</u>	

The investment sold was the shareholding in BUPA Care for the Elderly Limited (see note 6).

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

a) Listed investments

Listed investments, all of which are dealt on recognised stock exchanges, are summarised as follows:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Government securities:		
UK	82,900	41,811
Overseas	-	95,804
Equities:		
UK	63,445	68,239
Qualifying indexed security	51,681	-
	<u>198,026</u>	<u>205,854</u>

The cost of listed investments at 31 December 1994 amounted to £177,828,000 (1993 - £179,499,000).

b) Group companies - shares

Cost of investments

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
At 1 January	196,242	185,978
Additions	50,115	10,564
Disposals	(74)	(300)
At 31 December	<u>246,283</u>	<u>196,242</u>
Provision for permanent diminution in value	<u>(3,716)</u>	<u>(3,716)</u>
Carrying value at 31 December 1994	<u>242,567</u>	<u>192,526</u>

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

The principal subsidiary companies of the company are listed below and unless otherwise stated, are registered in England and Wales and wholly owned, comprising ordinary equity shares.

ADMINISTRATIVE AND COMPUTING SERVICES

- * BM Leasing (1992) Limited
- * BUPA Administrative Systems Limited
- * BUPA Services Limited
- * Essex Street Investments Limited
- * BUPA Purchasing Limited
- * Bemerton Nursing Home Limited
- * KB Jackson & Son Limited
- * BMSL Limited
- * BUPA Trustees Limited
- * Actagent Limited
- * BUPA Properties (1994) Limited
- * BUPA Claims Administration Limited
- * BUPA Health Assurance Limited

HEALTH SERVICES

- * BUPA Care for the Elderly (1991) Limited
- * BUPA Roding Hospital Limited
- * BUPA Dunedin Hospital Limited
- * BUPA Health Services Limited
- * BUPA Hospitals Limited (formerly BHSL Limited)
- * BUPA Medical Centre Limited
- * BUPA Occupational Health Limited
- * BUPA Mobile Screening Limited (99% holding)
- * Blackrock Hospital Limited (56% holding) (incorporated in the Republic of Ireland)
- * Dolphyn Court Leasing Limited
- * Dolphyn Court Properties Limited
- * BUPA Hospital Edinburgh Limited
- * LC (1990) Limited
- * BUPA Dentalcover Limited

INTERNATIONAL

- * BUPA International Limited (incorporated in Hong Kong) - Investment company
- * BUPA Asia Limited (incorporated in Hong Kong) - Reinsurance company
- * BUPA Limited (incorporated in Hong Kong) - Administrative service
- * Sanitas S.A., de Seguros (incorporated in Spain) - Health Insurance

INVESTMENTS

- * BUPA Treasury Limited (formerly BUPA Spain Limited)
- * BUPA Europe Limited (holding includes 100% of non voting irredeemable preference shares)
- * *Direct subsidiaries of the company.*

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

c) Group companies - loans

Loans to Group companies were made up as follows:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
12.5% Convertible Unsecured Loan Stock 1994-2004	5,500	5,500
14% Loan notes of £1 each	-	9,353
Unsecured loans	<u>16,843</u>	<u>16,843</u>
	22,343	31,696
Provision for diminution in value	<u>(12,793)</u>	<u>(12,793)</u>
	<u><u>9,550</u></u>	<u><u>18,903</u></u>

d) Participating interests

Shares

Investments in participating interests consisted of the following holdings at cost:

	<u>Holding</u> <u>%</u>	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Cardiff Medical Services Limited (registered in England and Wales) 148,000 £1 ordinary 'B' shares	36	148	148
Primrose Care Limited (registered in England and Wales) 23,555 50p ordinary shares	11	52	52
		<u><u>200</u></u>	<u><u>200</u></u>

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

e) Other investments

Secured loans

Loans, net of provisions, amounting to £170,000 (1993 £203,334) and made to private hospitals to assist in their development, are repayable over periods of up to ten years.

Unsecured loans

Unsecured loans, net of provisions, amounting to £139,000 (1993 £69,000) and made to private hospitals to assist in their development, are repayable over periods of up to two years.

11. Debtors

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Cash deposits held by fund managers	308	5,548
Amounts owed by Group companies (due after more than one year)	1,179,917	1,004,955
Other debtors	659	642
Prepayments and accrued income	1,529	3,977
Deferred Tax (due after more than one year)	12,620	-
Corporation tax	-	2,748
	<u>1,195,033</u>	<u>1,017,870</u>

12. Creditors

a) Amounts falling due within one year:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Amounts owed to group companies	38,240	53,910
Other creditors	498	462
Accruals	62,370	14,793
Deferred consideration	5,045	5,077
Corporation Tax	2,569	-
	<u>108,722</u>	<u>74,242</u>

Deferred consideration is in respect of an amount due for payment in 1995, according to the contract with the vendor of Sanitas S.A., de Seguros. (See note 12b.)

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

b) Amounts falling due after more than one year:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Bank Loans	50,000	50,000
Limited floating rate		
Guaranteed Unsecured Loan Notes 1995	189	306
Unsecured loan, non-interest bearing and having no final repayment date, made by the holding company	526,811	350,064
Unsecured loans from subsidiary companies	756,195	655,995
Deferred consideration	18,713	22,820
	<u>1,351,908</u>	<u>1,079,185</u>

Bank loans

The bank loans are unsecured and are repayable by December 1999. Interest on the loans is linked to LIBOR.

Deferred consideration

The deferred consideration represents the amount due to the principal vendor of Sanitas S.A., de Seguros and falls due for payment as follows:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Within one year	5,045	5,077
From 2 to 5 years	18,713	22,820
	<u>23,758</u>	<u>27,897</u>

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

13. Provisions for liabilities and charges

Other Provisions:

	<u>Group Company</u> <u>Guarantee</u> <u>£000's</u>
At 1 January 1994 and 31 December 1994	<u><u>1,871</u></u>

Deferred Tax:

There is no deferred tax provision at the year end.

The full potential liability (unprovided) is as follows:

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Investment appreciation	<u><u>3,153</u></u>	<u><u>12,000</u></u>

14. Share capital

	<u>1994</u> <u>£000's</u>	<u>1993</u> <u>£000's</u>
Authorised, allotted, called up and fully paid: 50,000 ordinary shares of £1 each	<u><u>50</u></u>	<u><u>50</u></u>

BUPA INVESTMENTS LIMITED

NOTES TO THE ACCOUNTS

15. Reserves

	<u>Property Revaluation</u>	<u>Investment appreciation</u>	<u>Profit & loss account</u>	<u>Total</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
Balance at 1 January 1994	3,030	26,355	280,478	309,863
Transfer from profit and loss account	-		(32,742)	(32,742)
Transfer of realised profits	-	(1,708)	1,708	-
Movement on unrealised investment appreciation reserve	-	(6,131)		(6,131)
Balance at 31 December 1994	<u>3,030</u>	<u>18,516</u>	<u>249,444</u>	<u>270,990</u>

16. Reconciliation of Shareholders Funds

	<u>1994 £000's</u>	<u>1993 £000's</u>
Retained (loss)/profit for the year	(32,742)	8,049
Movement on investment appreciation reserve	(6,131)	13,576
Net (reduction)/additions in shareholders funds	<u>(38,873)</u>	<u>21,625</u>
Opening shareholders funds	309,913	288,288
Closing shareholders funds	<u>271,040</u>	<u>309,913</u>

17. Contingent liabilities

- (i) The company has given a guarantee and other undertakings as part of the Group banking arrangements, in respect of the overdrafts of certain other Group companies.
- (ii) The company is party to a joint and several guarantee to NatWest Properties Limited in respect of the obligations of Dolphyn Court Properties Limited and BUPA Hospitals Limited.
- (iii) The company has also undertaken to support group undertakings with net liabilities of £48,814,000 at the year end.
- (iv) National Westminster Bank PLC hold a legal charge, dated 28 July 1994, a £50m FTSE 100 Qualifying Indexed Security (QIS) and the QIS option in favour of NatWest Properties Limited and National Westminster Bank PLC, in support of the joint and several guarantees referred to above (ii).