

BUPA WORLDWIDE MEDIA SERVICES LIMITED

(Registered No. 1320520)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001



BUPA WORLDWIDE MEDIA SERVICES LIMITED

REPORT OF THE DIRECTORS

For the year ended 31st December 2001

The Directors present their annual report and the audited financial statements for the year ended 31st December 2001.

1. Principal activity

The principal activity of the Company was the centralised purchasing of media services.

2. Review of the business

On 17 December 2001, BUPA Hospitals Limited sold its ownership of the Company to BUPA Investments Limited.

The Directors consider the development of the Company during the year to be satisfactory and do not foresee any significant changes in the forthcoming year.

3. Results and dividends

The profit for the year, after taxation, amounted to £2,448,221 (2000 – profit £2,777,665).

An interim dividend of £12,564,000 was paid during the year (2000 – £nil). No final dividend is proposed (2000 – £nil).

4. Directors and directors' interests

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

D B Riley (Alternate to J Copeland & M D Wheatley)
J Copeland
J P Davies
K Edwards (Alternate to J P Davies - resigned 15th October 2001)
M A Merchant (Alternate to J P Davies)
P M B Smythe
M D Wheatley

There were no Directors' interests requiring disclosure under Section 234 of the Companies Act 1985.

5. Auditors

Pursuant to a shareholders resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Registered Office:

BUPA House
15 – 19 Bloomsbury Way
London
WC1A 2 BA

By Order of the Board



M D Wheatley
Director

BUPA WORLDWIDE MEDIA SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUPA WORLDWIDE MEDIA SERVICES LIMITED

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF BUPA WORLDWIDE MEDIA SERVICES LIMITED

We have audited the financial statements on pages 4 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 as at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc

Chartered Accountants
Registered Auditor
London

14 March 2002

BUPA WORLDWIDE MEDIA SERVICES LIMITED

PROFIT AND LOSS ACCOUNT **for the year ended 31st December 2001**

	<i>Note</i>	2001	2000
		£	£
Turnover		7,929,393	9,349,711
Operating Expenses		<u>(7,922,783)</u>	<u>(9,331,847)</u>
Operating profit		6,610	17,864
Interest receivable and similar income	4	<u>3,053,666</u>	<u>3,430,467</u>
Profit on ordinary activities			
before taxation	5	3,060,276	3,448,331
Tax on profit on ordinary activities	6	<u>(612,055)</u>	<u>(670,666)</u>
Profit on ordinary activities after taxation		<u>2,448,221</u>	<u>2,777,665</u>
Dividend paid	7	<u>(12,564,000)</u>	<u>-</u>
Retained (loss)/profit for the financial year		<u>(10,115,779)</u>	<u>2,777,665</u>

The operating profit is derived from continuing operations.

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

BUPA WORLDWIDE MEDIA SERVICES LIMITED

BALANCE SHEET

as at 31st December 2001

	Note	2001 £	2000 £ Restated
Current Assets			
Debtors : amounts falling due within one year	8	45,342,511	71,944,911
Cash at bank and in hand		<u>14,750</u>	<u>365,592</u>
		45,357,261	72,310,503
Creditors : amounts falling due within one year	9	<u>(40,071,078)</u>	<u>(56,908,541)</u>
Net current assets		<u>5,286,183</u>	<u>15,401,962</u>
		<u>5,286,183</u>	<u>15,401,962</u>
Capital and reserves			
Called up share capital	10	72,000	72,000
Share premium account	11	67,400	67,400
Profit and loss account	11	<u>5,146,783</u>	<u>15,262,562</u>
		<u>5,286,183</u>	<u>15,401,962</u>

These financial statements were approved by the Board of Directors on 11th March 2002 on its behalf by



John Copeland
Director

The accounting policies and notes on pages 7 to 11 form part of these Financial Statements.

BUPA WORLDWIDE MEDIA SERVICES LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31st December 2001**

	2001 £	2000 £
(Loss)/profit for the financial year	(10,115,779)	2,777,665
Prior year adjustment (as explained in note 11)	<u>2,972,515</u>	<u>-</u>
Total gains and losses recognised since the last financial statements	<u>(7,143,264)</u>	<u>2,777,665</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31st December 2001**

	2001 £	2000 £
Profit for the financial year	2,448,221	2,777,665
Dividends	<u>(12,564,000)</u>	<u>-</u>
Net reduction to shareholders' funds	(10,115,779)	2,777,665
Opening shareholders' funds	<u>15,401,962</u>	<u>12,624,297</u>
Closing shareholders' funds	<u>5,286,183</u>	<u>15,401,962</u>

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2001

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

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

As the Company is a wholly owned subsidiary of The British United Provident Association Limited, it has taken advantage of the exemption contained in Financial Reporting Standard No.8 and has therefore not disclosed separately transactions of balances with entities which form part of the BUPA Group.

(b) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No.1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of The British United Provident Association Limited and its cash flows are included within the consolidated cash flow statement of that company.

(c) Turnover

Turnover represents the total amount earned by the Company in the ordinary course of business with other group undertakings for services rendered after deducting trade discounts and value added tax, where applicable.

(d) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise. No payment is made for group relief claimed or surrendered.

2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of BUPA Investments Limited which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited, in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2001 – continued

3. STAFF COSTS AND DIRECTORS' REMUNERATION

a) Employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of Employees	
	2001	2000
Administration	<u>3</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

	2001	2000
	£	£
Wages and salaries	22,925	19,050
Social security costs	<u>838</u>	<u>686</u>
	<u>23,763</u>	<u>19,736</u>

b) Directors

	2001	2000
	£	£
Remuneration of Directors		
Directors emoluments:		
As Directors	<u>6,600</u>	<u>6,350</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001	2000
	£	£
Receivable from Group undertakings	3,039,320	3,413,764
Other interest receivable	<u>14,346</u>	<u>16,703</u>
	<u>3,053,666</u>	<u>3,430,467</u>

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2001 – continued

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
<i>Profit on ordinary activities is stated after charging:</i>		
Auditors' remuneration:		
Audit	<u>2,923</u>	<u>2,703</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
The taxation charge is based on the result for the year:		
UK Corporation tax at 30%	612,055	696,257
Double taxation relief	(612,055)	-
Overseas taxation	<u>612,055</u>	<u>-</u>
	612,055	696,257
Taxation over-provided in previous years		
Corporation tax	-	(25,591)
	<u>612,055</u>	<u>670,666</u>

The current year's UK corporation tax charge has been reduced due to surrender of group relief from a related party for which no payment has been made. The current year UK corporation tax charge would otherwise have amounted to £918,083.

7. DIVIDENDS

	2001 £	2000 £
Equity shares		
Interim dividend paid, representing £174.50 per share	<u>12,564,000</u>	<u>-</u>

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2001 – continued

8. DEBTORS

	2001 £	2000 £
Amounts falling due within one year:		
Amounts owed by Group undertakings	45,334,677	67,567,443
Prepayments and accrued income	<u>7,834</u>	<u>4,377,468</u>
	<u>45,342,511</u>	<u>71,944,911</u>

9. CREDITORS

	2001 £	2000 £
Amounts falling due within one year:		
Payments received on account	40,027,584	47,956,977
Trade creditors	3,133	15,000
Amounts owed to Group undertakings	35,835	5,698,904
Taxation and social security	<u>4,526</u>	<u>3,237,660</u>
	<u>40,071,078</u>	<u>56,908,541</u>

Payments received on account represent prepayments for media services to be rendered to Group undertakings.

10. SHARE CAPITAL

	2001 £	2000 £
Authorised		
72,000 ordinary shares of £1 each	<u>72,000</u>	<u>72,000</u>
Allotted, called-up and fully paid		
72,000 ordinary shares of £1 each	<u>72,000</u>	<u>72,000</u>

BUPA WORLDWIDE MEDIA SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 2001 – continued

11. RESERVES

	Share premium account £	Profit and loss account £
At 1 January 2000, as previously stated	3,039,915	9,512,382
Prior year adjustment	<u>(2,972,515)</u>	<u>2,972,515</u>
At 1 January 2000, restated	67,400	12,484,897
Retained profit	<u>-</u>	<u>2,777,665</u>
At 31 December 2000, restated and at 1 January 2001	67,400	15,262,562
Retained loss	<u>-</u>	<u>(10,115,779)</u>
As at 31 December 2001	<u>67,400</u>	<u>5,146,783</u>

The prior year adjustment to reserves is to reinstate revenue reserves that were previously disclosed as share premium account in error.