BUPA WELLBEING LIMITED

(Registered No. 1404329)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

BUPA WELLBEING LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

1. Principal activity
The principal activity of the company is the provision of a medical advice service.
There have been no significant changes in the activities during the year.

2. Review of the business
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 £217,612 (2003: £269,965).
No dividend is proposed for 2004 (2003: £nil).

4. Directors and directors' interests
The names of persons who were directors at any time during the year are as follows:

M I Dugdale
J P Davies
A D Walford
R King

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

5. Auditors
Pursuant to a shareholder's resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

6. Conversion to IFRS
The company will be preparing its 2005 financial statements under International Financial Reporting Standards in line with the policy of its ultimate parent company, The British United Provident Association Limited (BUPA). Further information regarding this change can be found in the accounts of BUPA.

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

10 March 2005

By Order of the Board

J P Sanders
Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BUPA WELLBEING LIMITED

We have audited the financial statements set out on pages 4 to 9

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

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 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 31 December 2004 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
10 March 2005

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	2004 £	2003 £
Turnover	1	1,293,701	1,214,948
Cost of sales		(979,486)	(745,247)
Gross Profit		314,215	469,701
Operating expenses		(40,231)	(84,037)
Operating profit		273,984	385,664
Interest Receivable	5	76,100	-
Interest Payable	6	(39,210)	-
Profit on ordinary activities before taxation	4	310,874	385,664
Tax on profit on ordinary activities	7	(93,262)	(115,699)
Retained profit for the year	11	217,612	269,965

The profit on ordinary activities is all derived from continuing operations.

There are no recognised gains or losses other than the profit for the financial year of £217,612 (2003: £269,965).

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

The accounting policies and notes on pages 7 to 9 form part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004 £	2003 £
Current assets			
Debtors	*8*	2,403,145	2,264,864
Cash at bank and in hand		1,471,909	11,322
		3,875,054	2,276,186
Creditors: amounts falling due within one year	*9*	(2,605,124)	(1,223,868)
Net assets		1,269,930	1,052,318
Capital and reserves			
Called up share capital	*10*	2	2
Profit and loss account	*11*	1,269,928	1,052,316
Equity shareholder's funds		1,269,930	1,052,318

These financial statements were approved by the Board of Directors on 10 March 2005 and were signed on its behalf by

M I Dugdale
Director

The accounting policies and notes on pages 7 to 9 form part of these Financial Statements.

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
Profit for the financial year	217,612	269,965
Net addition to equity shareholder's funds	217,612	269,965
Opening equity shareholder's funds	1,052,318	782,353
Closing equity shareholder's funds	1,269,930	1,052,318

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

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

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 pursuant to paragraph 17 of Financial Reporting Standard No. 8: Related Party Disclosure (FRS 8) not included details of transactions with other BUPA group companies which are subsidiary undertakings of the BUPA group. There were no other related party transactions.

(b) Cash flow statement

Under Financial Reporting Standard No 1: Cash flow statements (revised 1996) (FRS 1) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for the BUPA Group.

(c) Turnover

Turnover represents the total amount earned by the company in the ordinary course of business for goods supplied and services rendered after deducting trade discounts and value added tax, where applicable. All turnover arises within the United Kingdom.

(d) Taxation including deferred taxation

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

Deferred tax is provided in full on all timing 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 more, tax with the following exceptions:

- Provision is made for tax on gains arising from the revaluation of property to its fixed value, 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 tax only where the replacement assets are sold.
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax 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 tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current rates and laws.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

2. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The company is a direct wholly owned subsidiary undertaking of BUPA Investments Limited which is registered in England and Wales. Copies of BUPA Investments Ltd's financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ .

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.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

Employees
The company had no employees during the year (2003:nil) and consequently incurred no staff costs (2003:nil)

No remuneration was paid to any of the directors for the year (2003:nil)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX

	2004	2003
	£	£
Profit on ordinary activities is stated after charging		
Auditors' remuneration	(3,630)	(3,630)

5. INTEREST RECEIVABLE

	2004	2003
	£	£
Interest receivable from group undertakings	76,100	-

6. INTEREST PAYABLE

	2004	2003
	£	£
Interest payable to group undertakings	(39,210)	-

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of tax charge in period

	2004	2003
	£	£
Current tax		
UK corporation tax on profits of the period	(93,262)	(115,699)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

(ii) Factors affecting the tax charge

The tax assessed for the period is equal to the standard rate of corporation tax in the UK of 30%.

	2004	2003
	£	£
Profit on ordinary activities before tax	310,874	385,664
Tax charge on profit on ordinary activities at 30%	(93,262)	(115,699)

8. DEBTORS

	2004	2003
Amounts falling due within one year:	£	£
Amounts due to group undertakings	1,618,680	1,633,754
Prepayments and accrued income	784,465	631,110
	2,403,145	2,264,864

9. CREDITORS

	2004	2003
	£	£
Amounts falling due within one year:		
Amounts owed to group undertakings	(1,778,213)	(572,310)
Other creditors	(42,377)	(39,065)
Accruals and deferred income	(784,534)	(612,493)
	(2,605,124)	(1,223,868)

10. SHARE CAPITAL

	2004	2003
	£	£
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2

11. RESERVES

	Profit and loss account
	£
At 1 January 2004	1,052,316
Retained profit for the year	217,612
At 31 December 2004	1,269,928

12. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The company has given a guarantee, as part of the group banking arrangements, in respect of the overdraft and loans of certain other group undertakings.

Under a group registration the company is jointly and severally liable for value added tax due by certain other group companies.

The company has no obligation in respect of future capital expenditure.