

BUPA Purchasing Limited

(Registered No. 1461499)

Directors' Report and Financial Statements

For the Year Ended 31 December 2006

FRIDAY



"L0S8BSK8"

LD8

31/08/2007

158

COMPANIES HOUSE

BUPA Purchasing Limited

Report of the directors for the year ended 31 December 2006

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

1. Business review and principal activity

The principal activity of the company is the procurement of goods and services on behalf of other group companies

The results of the company for the year show a pre-tax profit of £2,066,501 (2005 £3,838,472) and sales of £31,270,773 (2005 £34,215,315)

An ordinary dividend of £7,389,223 has been proposed for 2006 (2005 £nil)

2. Development

During the year the company has continued to contribute to the BUPA Hospitals Group business improvement process by using its procurement processes to obtain the best possible discounts from its suppliers. Additionally the company has continued to review its stock management processes to further support the business with cost efficiencies

3. Future outlook

With the external commercial environment expected to remain competitive in 2007 the company will continue to look at further ways to further improve its procurement and stock management process to enable the BUPA Hospitals Group to manage its costs

4. Principal risks and uncertainties

The company is managed on a group basis and the principal risks and uncertainties facing it are therefore integrated with those facing the Group as a whole. Accordingly, those risks are not discussed here but are detailed in the Directors Report of the annual report and accounts of BHS (Holdings) Limited, which does not form a part of this report

5. Key performance indicators

As a result of the straight forward nature of the business, the Directors do not consider the use of KPIs necessary to provide an understanding of the development, performance or position of the business

6. Directors and directors' interests

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

N T Beazley
J P Davies
F D Gregory
C M Hollingsworth
B D J Kent
R King
M A Ralf

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

BUPA Purchasing Limited

Report of the directors

for the year ended 31 December 2006 - continued

7. Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, indemnities are in force under which the company has agreed to indemnify certain directors, to the extent permitted by law and the company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company

8. Creditor payment policy

The company's policy concerning the payment of its trade creditors is to take the full credit terms offered by suppliers, with suppliers paid on average within 30 days of the receipt of invoice

It is the company's policy to .

- agree the terms of payment at the start of business with that supplier,
- ensure that suppliers are aware of the terms of payment, and
- pay in accordance with its contractual and other legal obligations

At 31 December 2006 the company's trade creditors represented approximately 35 days (2005 39 days) purchases

9. 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

10. International Financial Reporting Standards

The ultimate parent undertaking has prepared Group accounts in accordance with International Financial Reporting Standards (IFRS) The company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards

11. Disclosure of Information to Auditors:

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Registered Office

BUPA House,
15-19 Bloomsbury Way,
London WC1A 2BA

By Order of the Board



For and on behalf of BUPA Secretaries Limited
Secretary

13 March 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

BUPA Purchasing Limited

Independent auditors' report to the members of BUPA Purchasing Limited

We have audited the financial statements of BUPA Purchasing Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

BUPA Purchasing Limited

Independent auditors' report to the members of BUPA Purchasing Limited - continued

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 March 2007

8 Salisbury Square
London EC4Y 8BB

BUPA Purchasing Limited

Profit and loss account for the year ended 31 December 2006

	<i>Note</i>	2006	2005
		£	£
Turnover		31,270,773	34,215,315
Operating expenses		(33,382,019)	(36,588,521)
Operating loss		<u>(2,111,246)</u>	<u>(2,373,206)</u>
Profit on disposal of fixed assets		21,247	-
Interest receivable and similar income	4	7,874,861	8,274,768
Interest payable and similar charges	5	<u>(3,718,361)</u>	<u>(2,063,090)</u>
Profit on ordinary activities before taxation	6	2,066,501	3,838,472
Tax on profit on ordinary activities	8	530,078	(1,170,877)
Profit for the financial year		<u>2,596,579</u>	<u>2,667,595</u>

The operating loss is all derived from continuing operations

There were no recognised gains and losses other than the profit for the financial year

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

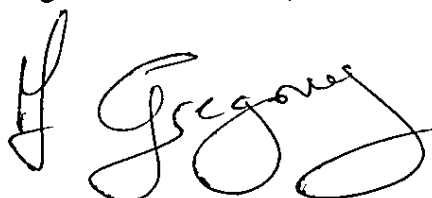
The accounting policies and notes on pages 9 to 19 form part of these financial statements

BUPA Purchasing Limited

Balance sheet as at 31 December 2006

	<i>Note</i>	2006 £	2005 £
Fixed assets			
Tangible assets	9	554,306	614,973
Current assets			
Stocks		4,361,246	5,132,314
Debtors amounts falling due within one year	10	97,526	1,157,692
Debtors amounts falling due after more than one year	10	172,844,796	177,094,834
Cash at bank and in hand		757,014	14,137
		<u>178,060,582</u>	<u>183,398,977</u>
Creditors: amounts falling due within one year	11	(157,396,086)	(165,229,258)
Net current assets		<u>20,664,496</u>	<u>18,169,719</u>
Total assets less current liabilities		21,218,802	18,784,692
Creditors: amounts falling due after more than one year	12	-	(162,469)
Net assets		<u>21,218,802</u>	<u>18,622,223</u>
Capital and reserves			
Called up share capital	15	625,625	625,625
Profit and loss account	16	20,593,177	17,996,598
Equity shareholders' funds		<u>21,218,802</u>	<u>18,622,223</u>

These financial statements were approved by the Board of Directors on 13 March 2007 and were signed on its behalf by



F D Gregory
Director

The accounting policies and notes on pages 9 to 19 form part of these financial statements

BUPA Purchasing Limited**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2006**

	2006 £	2005 £
Profit for the financial year	2 596,579	2,667 595
Net addition to shareholders' funds	<u>2,596,579</u>	<u>2,667,595</u>
Opening shareholders' funds	18,622,223	15,954,628
Closing equity shareholders' funds	<u>21,218,802</u>	<u>18,622,223</u>

BUPA Purchasing Limited

Notes to the financial statements for the year ended 31 December 2006

1. Accounting policies

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

All accounting policies have been applied consistently during the year

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.

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.

Accounting conventions

A summary of the more significant accounting policies, which have been applied consistently except as noted above, is set out below.

Turnover

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

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:

- ♦ 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 tax rates and laws.

Trading losses surrendered to other Group subsidiary undertakings are made on a full payment basis, except that no payment is made for the surrender of losses between companies within the subgroup headed by BUPA Hospitals (Holdings) Limited.

BUPA Purchasing Limited

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies - continued

Depreciation

All tangible assets are depreciated by equal instalments over their estimated useful lives, as follows

Leasehold - Over the length of the lease term

Equipment - 3 - 8 years

Stocks

Stocks are stated at the lower of cost and net realisable value

Cost means purchase price, less trade discounts, calculated on an average basis. Net realisable value means estimated selling price, less trade discounts, and less all costs to be incurred in marketing, selling and distribution.

The difference between the estimated replacement cost of stock and the purchase price or production cost is not material.

Pensions

Defined contribution pension scheme

The ultimate holding company, The British United Provident Association Limited, operates a defined contribution pension scheme. The BUPA Retirement Savings Plan in which the company participates. The assets of the scheme are held separately from those of the company in independently administered funds.

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the income statement as incurred.

Defined benefit pension scheme

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

The company participates in The BUPA Pension Scheme. As no agreement exists to allocate pension scheme assets and liabilities between group companies, Financial Reporting Standard No 17 Retirement Benefits permits those group companies to account for their pension costs as if the company participates in a defined contribution pension scheme. Therefore, the cost of the pension contributions made to the scheme are recognised within the profit and loss account.

BUPA Purchasing Limited

Notes to the financial statements for the year ended 31 December 2006

2 Immediate and ultimate parent undertakings

The immediate parent undertaking of BUPA Purchasing Limited is BUPA Hospitals Limited, a company registered in England and Wales which is a subsidiary of BUPA Hospitals (Holdings) Limited, a company also registered in England and Wales. The results of BUPA Purchasing Limited are included in the consolidated accounts of BUPA Hospitals (Holdings) Limited and copies of these accounts may be obtained from the Registrar of Companies, Cardiff, CF14 3UZ.

The ultimate parent undertaking of BUPA Purchasing Limited is The British United Provident Association Limited (BUPA), a company registered in England and Wales. The results of BUPA Purchasing Limited are included in the consolidated accounts of BUPA and copies of these accounts can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

3 Staff costs and directors' remuneration

The average number of persons employed by the company (including directors) during the year was 40 (2005 46).

The aggregate payroll costs of these persons were as follows

	2006 £	2005 £
Wages and salaries	712,957	801,781
Social security costs	58,657	67,387
Other pension costs (see note 17)	86,897	87,917
	<u>858,511</u>	<u>957,085</u>

No remuneration was paid to any of the directors for the year (2005 £nil)

4. Interest receivable and similar income

	2006 £	2005 £
Interest receivable from Group companies	<u>7,874,861</u>	<u>8,274,768</u>

5 Interest payable and similar charges

	2006 £	2005 £
Interest payable to Group companies	3,696,580	2,038,051
Finance charges	21,781	25,039
	<u>3,718,361</u>	<u>2,063,090</u>

BUPA Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2006****6 Profit on ordinary activities before taxation**

	2006	2005
	£	£
<i>Profit on ordinary activities is stated after charging:</i>		
Depreciation		
Owned	84,708	66 017
Leased	43,010	43,363
Hire of other assets - rentals payable under operating leases	105,137	117,259
Rentals payable under operating leases - land and buildings	406,232	405,608

7. Auditors' remuneration

	2006	2005
	£	(restated) £
Fees for the audit of the company	995	892

Fees for the audit of the company represent the amount receivable by the company's auditors. The amount may not be borne by the company. The 2005 disclosure has been restated using a consistent basis.

Fees paid to the company's auditors, KPMG Audit Plc, and its associates for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of BUPA, the ultimate parent undertaking, are required to disclose non-audit fees on a consolidated basis.

BUPA Purchasing Limited**Notes to the financial statements****for the year ended 31 December 2006**

8	Tax on profit on ordinary activities	2006	2005
		£	£

(i) Analysis of tax (credit)/charge in year**Current tax**

UK corporation tax on profits of the year	605,353	1,147,674
Adjustments in respect of prior periods	(1,147,671)	-

Total current tax	(542,318)	1 147 674
--------------------------	------------------	------------------

Deferred tax

Origination and reversal of timing differences	12,240	23,207
Adjustments in respect of prior periods	-	(4)

Tax on profit on ordinary activities	(530,078)	1,170,877
---	------------------	------------------

(ii) Factors affecting the tax (credit)/charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	2006	2005
	£	£
Profit on ordinary activities before taxation	2,066,501	3,838,472
Tax charge on profit on ordinary activities at 30%	619,950	1,151,542
Effects of		
Expenses not deductible for tax purposes	(2,357)	19,339
Accelerated capital allowances	(12,240)	-
Depreciation in excess of capital allowances claimed	-	(28,097)
Deferred tax on short term and other timing differences	-	4 890
Adjustments to tax charge in respect of prior periods	(1,147,671)	-
Total current tax (credit)/charge for the year	(542,318)	1,147,674

BUPA Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2006****9 Tangible Fixed Assets**

	Short leasehold £	Equipment £	Total £
Cost or valuation			
At 1 January 2006	591,877	1,035,411	1,627,288
Additions	2,409	214,421	216,830
Disposals	-	(341,471)	(341,471)
At 31 December 2006	594,286	908,361	1,502,647
Depreciation			
At 1 January 2006	222,235	790,080	1,012,315
Charge for the period	54,011	73,707	127,718
Disposals	-	(191,692)	(191,692)
At 31 December 2006	276,246	672,095	948,341
Net Book Value			
At 31 December 2006	318,040	236,266	554,306
At 31 December 2005	369,642	245,331	614,973

Included in the total net book value of assets is £nil (2005 - £184,168) in respect of assets held under finance leases. Depreciation for the year on these assets was £43,010 (2005 - £43,363).

10. Debtors	2006	2005
	£	£
Amounts falling due within one year		
Amounts owed by group undertakings	78	14,676
Other debtors	1,536	1,058,738
Prepayments	95,912	84,278
	97,526	1,157,692
Amounts falling due after more than one year		
	2006	2005
	£	£
Amounts owed by group undertakings	172,791,454	177,029,252
Deferred tax (see note 14)	53,342	65,582
	172,844,796	177,094,834

BUPA Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2006****11 Creditors - amounts falling due within one year**

	2006 £	2005 £
Obligations under finance leases (see note 13)	-	44,637
Payments received on account	64,935,366	96,145,775
Corporation tax	605,356	1,147,674
Trade creditors	3,260,279	4,408,322
Amounts owed to group undertakings	87,672,241	63,024,890
Other creditors	622,957	102,749
Accruals	299,887	355,211
	<u>157,396,086</u>	<u>165,229,258</u>

Payments received on account represent prepayments from other Group undertakings for future services to be rendered

12. Creditors - amounts falling due after more than one year

	2006 £	2005 £
Obligations under finance leases (see note 13)	-	162,469

13. Obligations under finance leases

	2006 £	2005 £
The maturity of obligations under finance leases is as follows.		
Within one year	-	65,683
Between two and five years	-	178,125
Over five years	-	26,645
	-	270,453
Less finance charges allocated to future periods	-	(63,347)
	-	<u>207,106</u>
Creditors - amounts falling due within one year	-	44,637
Creditors - amounts falling due after more than one year	-	162,469
	-	<u>207,106</u>

BUPA Purchasing Limited**Notes to the financial statements
for the year ended 31 December 2006****14. Deferred Taxation**

Deferred tax assets are as analysed as follows

	2006 £	2005 £
Depreciation in excess of capital allowances claimed	<u>53,342</u>	<u>65,582</u>

The movement for the year in the net deferred tax provision is as follows

	2006 £	2005 £
At beginning of the year	65,582	88,785
Deferred tax charge for the year	<u>(12,240)</u>	<u>(23,203)</u>
At 31 December 2006	<u>53,342</u>	<u>65,582</u>

The net deferred tax asset is included within debtors (see note 10)

15. Share Capital

	2006 £	2005 £
Authorised		
1,100,000 ordinary shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>
Allotted, called-up and fully paid		
625,625 ordinary shares of £1 each	<u>625,625</u>	<u>625,625</u>

16. Reserves

	Profit and loss account £
At 1 January 2006	17,996,598
Profit for the year	<u>2,596,579</u>
At 31 December 2006	<u>20,593,177</u>

17 Pensions

The BUPA Group operates defined benefit and defined contribution pension schemes for the benefit of staff. The BUPA Pension Scheme is a defined benefit pension scheme which provides benefits based on final pensionable salary, with charges made to the profit and loss account comprising the current service cost calculated on the projected unit method, interest cost on plan liabilities, less the expected return on plan assets and gains and losses on curtailments.

This scheme was closed to new entrants from 1 October 2002. Under this scheme, contributions by employees and the BUPA Group are administered by trustees in funds independent of the Group. The scheme is funded to cover future pension liabilities allowing for future earnings and pension increases. Detailed triennial valuations and periodic interim reviews are undertaken by an independent actuary. The last detailed triennial valuation of The BUPA Pension Scheme was carried out as at 1 July 2005. The attained age method was used in the 2005 triennial valuation. The independent actuary recommends the rate of contributions using these valuations and, in respect of companies within the hospitals securitised group, taking into account a notional allocation of the fund, which has been maintained since the securitisation, and fund rates of return. This ensures that the companies within the hospitals securitised group bear only the pension obligations which relate to their employees.

Details of this latest valuation of the scheme and main assumptions are included in the annual report and accounts of the ultimate holding company, The British United Provident Association Limited (BUPA).

At the date of the triennial valuation at 1 July 2005 the value of accrued benefits attributable to the hospitals securitised group was £211.3 million. The aggregate market value of The BUPA Pension Scheme assets, excluding members' additional voluntary contributions, attributable to the hospitals securitised group at 1 July 2005 was £190.9 million, representing 90.3% of the accrued benefits.

The BUPA Pension Scheme was valued as at 31 December 2006 under the requirements of International Accounting Standard No 19 Employee Benefits (IAS 19) as the Group prepares its consolidated financial statements under International Financial Reporting Standards. A separate valuation under the requirements of FRS 17 was completed for the hospitals securitised group based on a notional asset allocation of the fund, which has been maintained since the securitisation. For the hospitals securitised group this valuation showed a deficit before deferred tax of £10.2 million (2005: £62.5 million) with assets of £291.6 million (2005: £235.2 million) and liabilities of £301.8 million (2005: £297.7 million). For each company within the hospitals securitised group it is not practicable to identify each company's share of this deficit on a consistent and reliable basis. Therefore as permitted by FRS 17, the pension costs relating to this scheme will be accounted for by the company as if the scheme was a defined contribution scheme.

BUPA Purchasing Limited

Notes to the financial statements for the year ended 31 December 2006

17 Pensions - continued

Employer contributions have been paid to The BUPA Pension Scheme at the rate of 27.44% of pensionable salary from 1 January 2006 until 31 March 2006 and at the rate of 27.84% from 1 April 2006 until 31 December 2006. The Group has a salary sacrifice arrangement, PeopleChoice Pensions, whereby the employer's contribution rate takes account of pension contribution paid as part of this arrangement. There is a corresponding reduction in wages and salaries as a result.

In addition, BUPA, the sponsoring employer, is making a series of annual payments calculated so as to eliminate the deficit shown in the interim valuation dated 1 July 2003. Two further payments in respect of the hospitals securitised group, totalling £35.4 million, were made during 2006, bringing the total of such payments to £67.1 million.

From 1 October 2002 new employees were eligible to join The BUPA Retirement Savings Plan, a defined contribution scheme. The pension cost to the company in respect of this scheme equals the employer's contributions payable in the period.

The total pension cost included in the profit and loss account amounted to £86,897 (2005 £87,917).

The full disclosure requirements under IAS 19 are disclosed in the Annual Report and Accounts of the British United Provident Association Limited.

18. Commitments

Operating leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2006	2005
		(restated)
	£	£
Operating leases which expire		
Over 5 years	406,232	405,608

19 Contingent liabilities

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.

BUPA Purchasing Limited

**Notes to the financial statements
for the year ended 31 December 2006**

20. Securitisation

The company has granted first fixed and first floating ranking security over all the property, undertaking and assets of the company as part of the corporate securitisation that took place in July 2002. For further details please refer to the accounts of the company's immediate parent BUPA Hospitals Limited.