

BUPA PURCHASING LIMITED

(Registered No. 1461499)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000



A05
COMPANIES HOUSE

A5Q181J8

0705
15/06/01

BUPA PURCHASING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

1. Principal activity

The principal activity of the Company is the procurement of goods and services on behalf of group companies.

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 loss for the year, after taxation, amounted to £58,502 (1999 profit - £1,588,874).
No dividend is proposed for 2000 (1999 - £ nil).

4. Directors and directors' interests

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

E W Lea (Chairman)
J P Davies
A D Walford
D A Holden
M A Ralf

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

5. Audit statement

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 2BA

15 March 2001

By Order of the Board



J P Sanders
Secretary

BUPA PURCHASING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditor report set out on page 3, is made for the purpose of clarifying the respective responsibilities of the directors and the auditor in the preparation 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 PURCHASING LIMITED

AUDITORS' REPORT TO THE MEMBERS OF BUPA PURCHASING LIMITED for the year ended 31 December 2000

We have audited the financial statements on pages 4 to 10.

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. 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 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
KPMG Audit Plc
Registered Auditors
Chartered Accountants
15 March 2001

London

BUPA PURCHASING LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	<i>Note</i>	2000 £	1999 £
Turnover	<i>1</i>	7,802,701	7,092,965
Operating expenses		(7,916,600)	(4,734,998)
(Loss)/profit on ordinary activities before taxation	<i>4</i>	<u>(113,899)</u>	<u>2,357,967</u>
Tax on (loss)/profit on ordinary activities	<i>5</i>	55,397	(769,093)
Retained (loss)/profit for the financial year	<i>10</i>	<u>(58,502)</u>	<u>1,588,874</u>

The operating loss is all derived from continuing operations.

There were no recognised gains and losses other than the loss 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.

BUPA PURCHASING LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000 £	1999 £
(Loss)/profit for the financial year	(58,502)	1,588,874
Net (reduction)/addition to shareholders' funds	(58,502)	1,588,874
Opening shareholders' funds	12,243,273	10,654,399
Closing shareholders' funds	12,184,771	12,243,273

BUPA PURCHASING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2000

	<i>Note</i>	2000 £	1999 £
Fixed assets			
Investments	6	<u>20,599,002</u>	<u>20,599,002</u>
Current assets			
Debtors: amounts falling due within one year	7	5,917,657	5,898,530
Debtors: amounts falling due after more than one year	7	180,613,516	180,558,119
Cash at bank and in hand		<u>51,647</u>	<u>-</u>
		186,582,820	186,456,649
Creditors: amounts falling due within one year	8	(194,997,051)	(194,812,378)
Net current liabilities		<u>(8,414,231)</u>	<u>(8,355,729)</u>
Net assets		<u>12,184,771</u>	<u>12,243,273</u>
Capital and reserves			
Called up share capital	9	625,625	625,625
Profit and loss account	10	11,559,146	11,617,648
Shareholders' funds		<u>12,184,771</u>	<u>12,243,273</u>

These financial statements were approved by the Board of Directors on 15 March 2001 and were signed on its behalf by

D A Holden



Director

The accounting policies and notes on pages 7 to 10 form part of these financial statements.

BUPA PURCHASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with the 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), it has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed separately transactions or balances with entities which form part of the BUPA group of companies.

(b) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 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 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 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.

(e) Investments

Investments in subsidiary undertakings are carried at current value in the Company's accounts.

(f) Changes in accounting policies

Financial Reporting Standard 16 "Current Tax" became mandatory for the current financial year. There has been no impact on the Company's Accounts as the Company has been in compliance with the Standard since 1999.

BUPA PURCHASING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2000 - continued****2. ULTIMATE HOLDING COMPANY**

- (a) The Company is a subsidiary undertaking of BUPA Investments Limited, which is Registered in England and Wales. A copy of BUPA Investments Limited'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.

- (b) Under Section 228 of the Companies Act 1985, the Company is exempt from the obligation to prepare group accounts and to deliver them to The Registrar of Companies. Therefore, these financial statements are prepared for the Company as an individual and not as a group.

3. STAFF COSTS AND DIRECTORS' REMUNERATION**Employees**

The Company had no employees during the year (1999 : nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors for the year (1999 :£ nil).

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £	1999 £
<i>(Loss)/profit on ordinary activities is stated after charging:</i>		
Auditor's remuneration	2,200	2,200
Other operating costs	7,914,400	4,732,798

5. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
The taxation charge is based on the result for the year :		
UK corporation tax at 30% (1999 - 30.25%)	-	-
Deferred taxation	60,902	769,093
	60,902	769,093
Taxation over provided in previous years :		
Deferred taxation	(116,299)	-
Group relief	-	-
	(55,397)	769,093

The current year's tax credit has been eliminated due to the surrender of group relief to a related party for which no payment has been received. The current year corporation tax credit would otherwise have been £1,052.

BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 - continued

6. INVESTMENTS

	2000 £	1999 £
Shares in group undertakings	<u>20,599,002</u>	<u>20,599,002</u>

In the opinion of the Directors, the investments in the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet.

The principal subsidiary undertakings of the Company are listed below, all of which are wholly owned and are, unless otherwise stated, registered in England and Wales.

100% shareholding in :	Class of share	Nominal value
BUPA Dunedin Hospital Limited	30,000 Ordinary Shares of £1	£30,000

7. DEBTORS

	2000 £	1999 £
Amounts falling due within one year:		
Amounts owed by group undertakings	-	167,439
Other debtors	5,916,201	5,233,603
Prepayments and accrued income	<u>1,456</u>	<u>497,488</u>
	<u>5,917,657</u>	<u>5,898,530</u>

	2000 £	1999 £
Amounts falling due after more than one year:		
Amounts owed by group undertakings	180,000,000	180,000,000
Deferred taxation	<u>613,516</u>	<u>558,119</u>
	<u>180,613,516</u>	<u>180,558,119</u>

Analysis of Deferred Tax Asset :

	Deferred taxation £
At 1 January 2000	558,119
Charge for the year	<u>55,397</u>
At 31 December 2000	<u>613,516</u>

The amounts provided for deferred taxation and the amounts not provided are set out below :

	Provided		Unprovided	
	2000 £	1999 £	2000 £	1999 £
Accelerated capital allowances	434	-	-	-
Other timing differences	<u>613,082</u>	<u>558,119</u>	-	-
Total deferred taxation	<u>613,516</u>	<u>558,119</u>	-	-

BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000 - continued

8. CREDITORS - amounts falling within one year :

	2000	1999
	£	£
Bank overdraft	-	166,857
Payments received on account	182,859,396	185,669,602
Trade creditors	129,753	14,900
Amounts owed to group undertakings	9,892,805	5,987,394
Other creditors	1,918,174	2,565,200
Accruals and deferred income	196,923	408,425
	<u>194,997,051</u>	<u>194,812,378</u>

Payments received on account are for services to be rendered to Group undertakings.

9. SHARE CAPITAL

	2000	1999
	£	£
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>

10. RESERVES

	Profit and loss account £
At 1 January 2000	11,617,648
Retained loss	(58,502)
At 31 December 2000	<u>11,559,146</u>

11. COMMITMENTS

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

12. CONTINGENT LIABILITIES

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

The Company has also given a guarantee and other undertakings, in respect of loans of certain other Group undertakings.