

BUPA PURCHASING LIMITED

(Registered No. 1461499)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001



BUPA PURCHASING LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2001

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

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 profit for the year, after taxation, amounted to £1,028,794 (2000 loss - (£58,502)).
No dividend is proposed for 2001 (2000 - £ 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	(Resigned 13/09/01)
J P Davies	
A D Walford	
D A Holden	(Resigned 31/12/01)
M A Ralf	
R King	(Appointed 01/08/01)
M I Dugdale	(Appointed 13/12/01)

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

14 March 2002

By Order of the Board



J P Sanders
Secretary

BUPA PURCHASING 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 PURCHASING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA PURCHASING LIMITED for the year ended 31 December 2001

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 31 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
14 March 2002

London

BUPA PURCHASING LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	<i>Note</i>	2001 £	2000 £
Turnover	<i>1</i>	4,339,684	7,802,701
Operating expenses		(2,856,101)	(7,916,600)
Operating Profit/(loss)		<u>1,483,583</u>	<u>(113,899)</u>
Interest receivable and similar income	<i>4</i>	243,534	-
Interest payable and similar charges	<i>5</i>	<u>(51,115)</u>	<u>-</u>
Profit/(loss) on ordinary activities before taxation	<i>6</i>	1,676,002	(113,899)
Tax on profit/(loss) on ordinary activities	<i>7</i>	(647,208)	55,397
Profit/(loss) for the financial year		<u>1,028,794</u>	<u>(58,502)</u>
Dividends		-	-
Retained profit/(loss) for the year	<i>14</i>	<u>1,028,794</u>	<u>(58,502)</u>

The operating profit 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.

BUPA PURCHASING LIMITED**RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001 £	2000 £
Profit/(Loss) for the financial year	<u>1,028,794</u>	<u>(58,502)</u>
Net addition/(reduction) to equity shareholders' funds	1,028,794	(58,502)
Opening equity shareholders' funds	12,184,771	12,243,273
Closing equity shareholders' funds	<u>13,213,565</u>	<u>12,184,771</u>

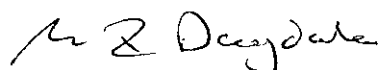
BUPA PURCHASING LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2001

	<i>Note</i>	2001 £	2000 £
Fixed assets			
Computer Software	9	589,643	-
Investments	8	-	20,599,002
		<u>589,643</u>	<u>20,599,002</u>
Current assets			
Debtors: amounts falling due within one year	10	6,099,669	5,917,657
Debtors: amounts falling due after more than one year	10	194,496,000	180,613,516
		200,595,669	186,531,173
Cash at bank and in hand		73,610	51,647
		<u>200,669,279</u>	<u>186,582,820</u>
Creditors: amounts falling due within one year	11	(188,011,665)	(194,997,051)
Net current assets/(liabilities)		<u>12,657,614</u>	<u>(8,414,231)</u>
Provisions for liabilities and charges	12	(33,692)	-
Net assets		<u>13,213,565</u>	<u>12,184,771</u>
Capital and reserves			
Called up share capital	13	625,625	625,625
Profit and loss account	14	12,587,940	11,559,146
Shareholders' funds		<u>13,213,565</u>	<u>12,184,771</u>

These financial statements were approved by the Board of Directors on 14 March 2002 and were signed on its behalf by

M I Dugdale



Director

The accounting policies and notes on pages 7 to 11 form part of these financial statements.

BUPA PURCHASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001**

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 Ltd (BUPA), it has taken advantage of the exemption contained in Financial Reporting Standard "Related Party Disclosure" FRS 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 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 goods supplied and services rendered after deducting trade discounts and value added tax, where applicable. All turnover arises within the United Kingdom.

(d) Operating leases

Operating lease rentals are charged against results on a straight line basis over the term of the lease.

(e) 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.

(f) Investments

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

(g) Depreciation

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

Computer Software - Over the length of the lease term.

BUPA PURCHASING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2001 - continued****2. ULTIMATE HOLDING COMPANY**

- (a) The Company is a subsidiary undertaking of BUPA Hospitals Limited, which is registered in England and Wales. A copy of BUPA Hospital 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 (2000 :£ nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors for the year (2000 :£ nil).

4. INTERST RECEIVABLE AND SIMILAR INCOME

	2001	2,000
	£	£
Interest Receivable from Group Companies	243,534	-

5. INTERST PAYABLE AND SIMILAR CHARGES

	2001	2,000
	£	£
Interest Payable to Customs & Excise	51,115	-

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

	2001	2000
	£	£
<i>Profit/(Loss) on ordinary activities is stated after charging:</i>		
Auditor's remuneration	2,200	2,200
Depreciation	45,357	-
Loss on disposal of Subsidiary	3,003	-
Other operating costs	2,805,541	7,914,400

BUPA PURCHASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued**

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
The taxation charge is based on the result for the year :		
UK corporation tax at 30% (2000 - 30%)	-	-
Deferred taxation	647,208	60,902
	<u>647,208</u>	<u>60,902</u>
Taxation under/(over) provided in previous years :		
Deferred taxation	-	(116,299)
Group relief	-	-
	<u>647,208</u>	<u>(55,397)</u>

The current year's tax charge has been eliminated due to the surrender of group relief from a related party for which no payment has been made. The current year corporation tax credit would otherwise have been (£70,330).

8. INVESTMENTS

	2001 £	2000 £
Shares in group undertakings	-	20,599,002
	<u>-</u>	<u>20,599,002</u>

On the 21st December 2001 BUPA Purchasing Ltd transferred its shares in BUPA Dunedin Hospital to BUPA Investments Ltd, for £20,595,999. The consideration was settled via the current account. BUPA Purchasing Ltd then loaned this money to BUPA Hospitals Ltd.

9. TANGIBLE FIXED ASSETS

	Computer Software £
Cost or valuation	
At 1 January	-
Additions	635,000
Disposals	-
At 31 December 2001	<u>635,000</u>
Depreciation	
At 1 January	-
Charge for the period	(45,357)
Disposals	-
At 31 December 2001	<u>(45,357)</u>
Net Book Value	
At 31 December 2001	<u>589,643</u>
At 31 December 2000	<u>-</u>

The net book value of equipment of the Company of £589,643 includes £589,643 in respect of assets held under finance leases.

BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001 - continued

10. DEBTORS

	2001	2000
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	243,533	-
Other debtors	5,855,995	5,916,201
Prepayments and accrued income	141	1,456
	<u>6,099,669</u>	<u>5,917,657</u>

	2001	2000
	£	£
Amounts falling due after more than one year:		
Amounts owed by group undertakings	194,496,000	180,000,000
Deferred taxation	-	613,516
	<u>194,496,000</u>	<u>180,613,516</u>

Deferred Taxation :

	2001	2000
	£	£
At beginning of year	613,516	558,119
(Credit)/charge for the year	(647,208)	55,397
At 31 December 2001	<u>(33,692)</u>	<u>613,516</u>

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

	Provided		Unprovided	
	2001	2000	2001	2000
	£	£	£	£
Accelerated capital allowances	-	434	-	-
Other timing differences	(33,692)	613,082	(38,289)	-
At end of year	<u>(33,692)</u>	<u>613,516</u>	<u>(38,289)</u>	<u>-</u>

11. CREDITORS - amounts falling within one year :

	2001	2000
	£	£
Payments received on account	179,995,545	182,859,396
Trade creditors	43,479	129,753
Amounts owed to group undertakings	7,762,727	9,892,805
Other creditors	207,714	1,918,174
Accruals and deferred income	2,200	196,923
	<u>188,011,665</u>	<u>194,997,051</u>

BUPA PURCHASING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001 - continued**

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2001	2000
	£	£
Deffered Tax (See note 10)	33,692	-

13. SHARE CAPITAL

	2001	2000
	£	£
Authorised		
1,100,000 ordinary shares of £1 each	1,100,000	1,100,000
Allotted, called-up and fully paid		
625,625 ordinary shares of £1 each	625,625	625,625

14. RESERVES

	Profit and loss account £
At 1 January 2001	11,559,146
Retained profit	1,028,794
At 31 December 2001	12,587,940

15. 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.

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