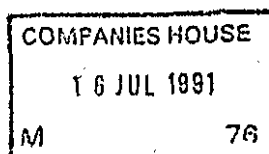


BHSL HOSPITALS LIMITED
(Registered No. 1461499)

ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1990



BHSL HOSPITALS LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 1990

The Directors present their Report and the audited accounts for the year ended 31st December 1990.

1. Review of the business

The principal activity of the company is the operation of private medical and surgical hospitals.

2. Future developments

On 1st January 1991, the whole of the company's net assets and business undertakings were transferred to BHSL Limited.

3. Results

The trading profit for the year, after taxation, amounted to £2,048,413. The profit has been retained within the company.

4. Fixed Assets

The changes in tangible fixed assets during the year are summarised in note 7 to the accounts.

5. Board of Directors

The names of persons who were members of the Board of Directors at any time during the year are as follows:-

B.S. Hawkins, F.C.T. (Chairman) (Resigned 31.12.90)
Dr A.R. Bailey, M.B., M.R.C.P.
K. Biddlestone (Appointed 22.01.90)
Mrs S.C. Ellen, B.Sc., A.H.S.M.
R.M. Graham, A.C.I.I.
A. Hodgkinson, A.H.S.M.
G.W. Lee, F.C.M.A. (Appointed 07.08.90)
P.M. Reeves, M.Sc., F.C.A., F.C.M.A., A.T.I.I.,
F.B.I.M., A.I.Sc.B. (Resigned 07.08.90)
D.R. Spray, B.A., F.C.A., M.B.I.M.
E.J. Stevenson
M.A. Sykes (Appointed 22.01.90)
Lord Wigoder, Q.C.

There are no Directors' interests requiring disclosure under the Companies Act 1985.

6. Staff

Every effort is made by the Directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the company's performance.

The company continues to pursue its stated policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are, to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the company.

7. Auditors

The Auditors, KPMG Peat Marwick McLintock, offer themselves for re-appointment in accordance with Section 385 of the Companies Act, 1985. A resolution for the re-appointment of them as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Registered Office:
Dolphyn Court
10/11 Great Turnstile
Lincoln's Inn Fields
London WC1V 7JU

20 JUN 1991

By order of the Board



G.W. Lee
Secretary

REPORT OF THE ADDITORS, KPMG PEAT MARWICK McLINTOCK,
TO THE MEMBERS OF BHSI HOSPITALS LIMITED

We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion, the accounts give a true and fair view of the state of the company's affairs at 31st December 1990 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Without qualifying our opinion above, we draw attention to the fact that the accounts do not include a statement of source and application of funds and thus do not comply with Statement of Standard Accounting Practice No. 10.

London

20th June 1991

KPMG Peat Marwick McLintock
KPMG Peat Marwick McLintock
Chartered Accountants

BISL HOSPITALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1990

	Note	£	1989 £
Turnover		29,301,930	23,774,107
Operating charges		(26,753,087)	(21,287,857)
Operating profit	2	2,548,843	2,486,250
Interest receivable and similar income		-	1,456
Interest payable and similar charges	3	-	(382,351)
Profit on ordinary activities before taxation		2,548,843	2,105,355
Tax on profit on ordinary activities	4	(500,430)	-
Profit on ordinary activities after taxation		2,048,413	2,105,355
Extraordinary income		-	1,632,398
Profit for the financial year transferred to reserves	13	2,048,413	3,737,753

The accounting policies and notes on pages 6 to 14 form part of these accounts.

BHSL HOSPITALS LIMITED
BALANCE SHEET AT 31ST DECEMBER 1990

	Note	£	£	1989	£
Fixed assets					
Tangible assets	7	32,820,736		32,671,755	
Investments	8	<u>7,500</u>		<u>-</u>	
			32,828,236		32,671,755
Current assets					
Stock		1,031,840		695,055	
Debtors	9	32,117,585		26,917,630	
Cash at bank and in hand		<u>103,001</u>		<u>3,984,128</u>	
		33,252,426		31,596,813	
Less:					
Creditors - amounts falling due within one year	10	<u>3,813,973</u>		<u>4,050,292</u>	
Net current assets			29,438,453		27,546,521
Total assets less current liabilities			<u>62,266,689</u>		<u>60,218,276</u>
Less:					
Creditors - amounts falling due after more than one year	10	<u>37,780,750</u>		<u>37,780,750</u>	
			(37,780,750)		(37,780,750)
			<u>24,485,939</u>		<u>22,437,526</u>
Capital and reserves					
Called up share capital	12		625,625		625,625
Revaluation reserve	13		20,475,120		20,475,120
Profit and loss account	13		<u>3,385,194</u>		<u>1,336,781</u>
			<u>24,485,939</u>		<u>22,437,526</u>

These accounts were approved by the Board on **20 JUN** 1991.

Michael C. Allen

[Signature]

} Directors

The accounting policies and notes on pages 6 to 14 form part of these accounts.

BHSL HOSPITALS LIMITED
STATEMENT OF ACCOUNTING POLICIES

a) **Basis of presentation**

The accounts have been prepared under the historical cost convention as modified by the revaluation of freehold and long leasehold property and in accordance with applicable accounting standards except that they do not include a statement of source and application of funds as, in the view of the Directors, it is considered immaterial to an appreciation of the accounts, and thus do not comply with Statement of Standard Accounting Practice No. 10.

Consolidated accounts have not been prepared as the company is a wholly owned subsidiary of The British United Provident Association Limited.

b) **Turnover**

Turnover represents the total amount receivable by the company in the ordinary course of business for goods supplied and for services rendered, after deducting trade discounts and value added tax where applicable.

c) **Depreciation**

Depreciation is calculated to write-off the cost or valuation of tangible fixed assets to their expected residual value on a straight line basis over their expected useful lives. The principal annual rates applicable are:

Freehold buildings	2%
Long leasehold property	2%
Equipment	10% - 33%
Motor vehicles	25%

No depreciation is provided on freehold land or on buildings under construction.

d) **Stock**

Stock, comprising raw materials and consumables, is 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.

e) **Contributions to pension funds**

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods which are expected to benefit from the employees' services. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is included as an asset or liability in the balance sheet.

f) Deferred taxation

Provision is made for corporation tax on timing differences arising from the excess of capital allowances over depreciation or on a property revaluation surplus, where it is considered that tax will be payable in the foreseeable future.

BHEL HOSPITALS LIMITED

NOTES ON THE ACCOUNTS

1. Ultimate holding company

The ultimate holding company is The British United Provident Association Limited, which is registered in England and Wales.

2. Operating profit

The operating profit is stated after charging/(crediting):

	1990 £	1989 £
Profit on disposal of fixed assets	(13,301)	-
Staff costs	9,852,870	7,543,277
Depreciation	2,036,971	1,282,907
Rental of hospital premises	2,019,090	1,922,945
Hire of plant and equipment	151,726	111,186
Auditors' remuneration	45,862	25,588

3. Interest payable

	1990 £	1989 £
Group company interest	-	382,351

4. Tax on profit on ordinary activities

The taxation charge is based on the result for the year after deduction of losses brought forward from previous years of approximately £2,220,000.

	1990 £	1989 £
Corporation tax at 34.25% (1989 - 35%)	500,430	-

BHSL HOSPITALS LIMITED

NOTES ON THE ACCOUNTS - continued

5. Extraordinary income

	1990 £	1989 £
Profit on disposal of investment in Little Aston Hospital plc.	-	1,527,399
Profit on disposal of investment in Rome American Hospital SPA	-	104,999
	<u>-</u>	<u>1,632,398</u>

6. Staff

The aggregate emoluments of employees of the company during the year are shown below:

	1990 £	1989 £
Wages and salaries	8,975,751	6,742,212
Social security costs	634,356	594,809
Pension costs	242,763	206,256
	<u>9,852,870</u>	<u>7,543,277</u>

The average number of employees during the year was 1,251 (1989 - 769), comprising:

	1990	1989
Medical staff	717	426
Non-medical staff	534	343

The Directors received no emoluments for their services (1989 - £Nil).

BHSL HOSPITALS LIMITED

NOTES ON THE ACCOUNTS - continued

7. Tangible fixed assets

	Freehold property £	Long leasehold property £	Medical and other equipment £	Total £
<u>Cost or valuation</u>				
At 1st January 1990	15,319,739	12,633,000	8,525,350	36,478,089
Additions	520,383	36,927	1,633,611	2,190,921
Disposals	-	-	(28,426)	(28,426)
Intra-group transfers	(9,739)	-	8,346	(1,393)
At 31st December 1990	15,830,383	12,669,927	10,138,881	38,639,191
Cost	520,383	36,927	10,138,881	10,696,191
Valuation - 1989	15,310,000	12,633,000	-	27,943,000
	15,830,383	12,669,927	10,138,881	38,639,191
<u>Depreciation</u>				
At 1st January 1990	-	-	3,806,334	3,806,334
Charge for year	267,954	220,310	1,548,707	2,036,971
On disposals	-	-	(19,488)	(19,488)
Intra-group transfers	-	-	(5,362)	(5,362)
At 31st December 1990	267,954	220,310	5,330,191	5,818,455
Net book value at 31st December 1990	15,562,429	12,449,617	4,808,690	32,820,736
Net book value at 31st December 1989	15,319,739	12,633,000	4,719,016	32,671,755
Depreciable amount at 31st December 1990	14,050,383	10,789,927	10,138,881	34,979,191
Non-depreciable amount at 31st December 1990	1,780,000	1,880,000	-	3,660,000

BHSL HOSPITALS LIMITED

NOTES ON THE ACCOUNTS - continued

Freehold property and long leasehold property was valued at 31st December 1989 at open market value for existing use. The total amount of freehold property and long leasehold property as determined under the historical cost accounting rules was as follows:

	Freehold property £	Long leasehold property £
Cost	5,613,630	3,523,018
Depreciation	(841,667)	(452,524)
	<u>4,771,963</u>	<u>3,070,494</u>

8. Investments

Investments in Group undertakings, registered in England and Wales, consisted of ordinary shares in the following company:

	1990 £	1989 £
BUPA Wellesley Hospital Limited		
250 'B' ordinary shares at cost	1,500	-
1,500 'C' ordinary shares at cost	6,000	-
	<u>7,500</u>	<u>-</u>

9. Debtors

	1990 £	1989 £
Trade debtors	3,259,432	2,802,968
Amounts owed by Group undertakings	28,575,494	23,912,074
Other debtors	92,165	11,135
Prepayments and accrued income	190,494	191,453
	<u>32,117,585</u>	<u>26,917,630</u>

BHSL HOSPITALS LIMITED

NOTES ON THE ACCOUNTS - continued

10. Creditors

a) Falling due within one year:

	1990 £	1989 £
Bank overdraft	435,241	-
Trade creditors	742,792	678,521
Amounts owed to Group undertakings	954,349	2,121,230
Other creditors	196,441	257,866
Corporation tax	500,430	-
Accruals and deferred income	984,720	992,675
	<u>3,813,973</u>	<u>4,050,292</u>

b) Falling due after more than one year:

	1990 £	1989 £
Loans due to parent undertaking	<u>37,780,750</u>	<u>37,780,750</u>

The interest rate charged on the loans is nil and the loans are considered long term.

11. Deferred taxation

No provision for deferred tax has been made because no liability is expected to arise in the foreseeable future. The full potential liability is as follows:

	1990 £	1989 £
Property revaluation surplus	5,399,000	6,110,000
Accelerated capital allowances	<u>1,504,000</u>	<u>1,024,000</u>
	<u>6,903,000</u>	<u>7,134,000</u>

WISL HOSPITALS LIMITED

NOTES ON THE ACCOUNTS - continued

12. Share capital

	1990 £	1989 £
Authorised:		
1,100,000 ordinary shares of £1 each	<u>1,100,000</u>	<u>1,100,000</u>
Alotted, called up and fully paid:		
625,625 ordinary shares of £1 each	<u>625,625</u>	<u>625,625</u>

13. Reserves

	Revaluation reserve £	Profit & loss account £
Balance at 1st January 1990	20,475,120	1,336,781
Movement	-	<u>2,048,413</u>
Balance at 31st December 1990	<u>20,475,120</u>	<u>3,385,194</u>

14. Capital commitments

	1990 £	1989 £
Contracts placed for future capital expenditure	120,000	-
Capital expenditure authorised but not contracted	<u>5,595,000</u>	-
	<u>5,715,000</u>	-

BHSL HOSPITALS LIMITED

NOTES ON THE ACCOUNTS - continued

15. Pensions

The Group operates defined benefit schemes under which contributions by employees and the companies are administered by trustees in funds independent of the companies. The schemes are funded to cover future pension liabilities, including those arising from expected future earnings and pension increases. Independent valuations are undertaken every three years, on the basis of which the actuary recommends the rates of contributions. Details of the latest valuation of the BUPA Pension and Family Security Scheme and the BUPA Health Services Pension Scheme are included in the accounts of the ultimate holding company.

Pension costs charged in the year are stated in note 6.

16. Post balance sheet event

On 1st January 1991 the whole of the company's net assets and business undertakings were transferred to BHSL Limited.