

BUPA PURCHASING LIMITED

(Registered No. 1461499)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994



BUPA PURCHASING LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 1994

The Directors present their annual report and the audited financial statements for the year ended 31 December 1994.

1. Principal activities and future prospects

The principal activity of the company continued to be the centralised procurement of goods and services on behalf of group companies. There have been no significant changes in the activities during the year. 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.

2. Results and dividends

The profit for the year, after taxation, amounted to £1,696,931 (1993 - loss £152,987). No dividend is proposed for 1994 (1993 - £nil).

3. Fixed assets

The changes in fixed assets during the year are summarised in note 6 to the financial statements.

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

F A Kee (Resigned 23/9/94)

M Ellerby (Appointed 23/9/94)

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

5. Directors' and Officers' liability insurance

During the year the company's ultimate holding company, the British United Provident Association Limited, purchased insurance on behalf of the Directors and Officers of BUPA and its subsidiary undertakings, as permitted under Section 310 of the Companies Act 1985.


6. Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Registered Office :

Provident House
24/27 Essex Street
London WC2R 3AX
16 March 1995

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 auditors' report set out on page 3, is made for the purpose of clarifying the respective responsibilities of the Directors and the auditors 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.

REPORT OF THE AUDITORS

TO THE MEMBERS OF BUPA PURCHASING LIMITED

We have audited the financial statements set out on pages 4 to 11.

Respective responsibilities of Directors and auditors

As described on page 2, the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 affairs of the company at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

16 March 1995

KPMG

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KPMG
Chartered Accountants
Registered Auditors

BUPA PURCHASING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1994

	<i>Note</i>	1994 £	1993 £
Turnover		14,963,556	14,245,570
Cost of sales		<u>(14,859,785)</u>	<u>(14,104,525)</u>
Gross profit		103,771	141,045
Administrative expenses		(2,593,375)	(2,339,271)
Other operating income		<u>34,667</u>	<u>-</u>
Operating loss		(2,454,937)	(2,198,226)
Interest receivable and similar income	4	<u>3,969,345</u>	<u>3,063,356</u>
Profit on ordinary activities			
before taxation	2	1,514,408	865,130
Tax on profit on ordinary activities	5	182,523	(1,018,117)
Retained profit for the financial year	11	<u><u>1,696,931</u></u>	<u><u>(152,987)</u></u>

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

BALANCE SHEET AS AT 31 DECEMBER 1994

	Note	1994		1993	
		£	£	£	£
Fixed assets	6	168,494		180,975	
Current assets					
Debtors- amounts falling due within one year	7	8,839,163	4,956,585		
Debtors- amounts falling due in more than one year	7	72,500,000	72,500,000		
Cash at bank and in hand		48,347	129,087		
		<u>81,387,510</u>	<u>77,585,672</u>		
Creditors: amounts falling due within one year	8	<u>49,326,245</u>	<u>26,956,008</u>		
Net current assets		<u>32,061,265</u>		<u>50,629,664</u>	
Total assets less current liabilities		32,229,759		50,810,639	
Creditors: amounts falling due in more than one year	8	25,409,175	45,502,847		
Provisions for liabilities and charges	9	<u>1,074,268</u>	<u>1,258,407</u>		
		(26,483,443)		(46,761,254)	
		<u><u>5,746,316</u></u>		<u><u>4,049,385</u></u>	
Capital and reserves					
Called-up share capital	10	625,625		625,625	
Profit and loss account	11	5,120,691		3,423,760	
		<u><u>5,746,316</u></u>		<u><u>4,049,385</u></u>	

These financial statements were approved by the Board of Directors on 16 March 1995 and were signed on its behalf by



E W Lea

Director

BUPA PURCHASING LIMITED

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 1994

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

(b) Cash flow statement

The company has taken advantage of an exemption under FRS 1 for wholly-owned subsidiary undertakings not to produce a cash flow statement. A consolidated cash flow statement is included in the accounts of The British United Provident Association Limited, the ultimate holding 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) Fixed assets

Fixed assets are stated at cost. Depreciation is calculated to write down the cost of the assets to their estimated residual value on a straight line basis over their expected lives. The annual rates applicable are :

Leasehold improvements - Term of lease (15 years)

(e) 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.

BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Ultimate holding company

The ultimate holding company is The British United Provident Association Limited, which is registered in England and Wales. A copy of the consolidated financial statements of that company may be obtained from The Registrar of Companies, Cardiff, CF4 3UZ.

2. Profit on ordinary activities before taxation

	1994 £	1993 £
Profit on ordinary activities is stated		
<i>after charging:</i>		
Operating costs	2,579,294	2,331,530
Depreciation	12,481	6,241
Auditors' remuneration	1,600	1,500
	<hr/>	<hr/>
<i>after crediting:</i>		
Income from property	34,667	-
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3. Staff costs and Directors' remuneration

The company had no employees during the year (1993 - nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors for the year (1993 - nil).

4. Interest receivable and similar income

	1994 £	1993 £
Receivable from group undertakings	3,969,345	3,063,356
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BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

5. Taxation

The taxation (credit)/charge is based on the result for the year :

	1994	1993
	£	£
Corporation tax at 33% (1993 - 33%)	4,388	-
Group relief	-	7,210
Deferred taxation	490,286	1,010,907
	<u>494,674</u>	<u>1,018,117</u>
Taxation (over)/under provided in previous years :		
Corporation tax	(6,008)	-
Group relief	3,236	-
Deferred taxation	(674,425)	-
	<u>(182,523)</u>	<u>1,018,117</u>

6. Fixed assets

	Leasehold improvements £
Cost	
At 1 January 1994	187,216
At 31 December 1994	<u>187,216</u>
Depreciation	
At 1 January 1994	6,241
Charge for the year	12,481
At 31 December 1994	<u>18,722</u>
Net book value at 31 December 1994	<u>168,494</u>
Net book value at 31 December 1993	<u>180,975</u>

BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

7. Debtors

	1994 £	1993 £
Amounts falling due within one year:		
Amounts owed by group undertakings	7,782,701	3,927,010
Other debtors	456,011	1,029,575
Prepayments and accrued income	600,451	-
	<u>8,839,163</u>	<u>4,956,585</u>
 Amounts falling due after more than one year:		
Amounts owed by group undertakings	<u>72,500,000</u>	<u>72,500,000</u>

8. Creditors

	1994 £	1993 £
Amounts falling due within one year :		
Bank overdraft	2,386	-
Amounts owed to group undertakings	28,779,520	14,414,737
Other creditors including taxation	20,032,502	12,541,271
Accruals and deferred income	511,837	-
	<u>49,326,245</u>	<u>26,956,008</u>

Included in other creditors is an amount of £15,757,500 (1993 - £10,829,000) in respect of prepayments for services to be rendered to group undertakings.

	1994 £	1993 £
Amounts falling due after more than one year :		
Other creditors	<u>25,409,175</u>	<u>45,502,847</u>

Other creditors represents prepayments for services to be rendered to group undertakings.

BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

9. Provisions for liabilities and charges

Deferred taxation

	£
At 1 January 1994	1,258,407
Credit for the year in the profit and loss account	(184,139)
At 31 December 1994	<u>1,074,268</u>

Deferred taxation arising on accelerated capital allowances and on other timing differences have been provided in full as follows:

	1994	1993
	£	£
Accelerated capital allowances	47,768	-
Other timing differences	1,026,500	1,258,407
	<u>1,074,268</u>	<u>1,258,407</u>

10. Share capital

	1994	1993
	£	£
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>

11. Reserves

	Profit and loss account £
At 1 January 1994	3,423,760
Retained profit for the financial year	1,696,931
At 31 December 1994	<u>5,120,691</u>

BUPA PURCHASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued

12. Reconciliation of movement in Shareholders' Funds

	1994	1993
	£	£
Profit/(loss) for the financial year	1,696,931	(152,987)
Opening Shareholders' funds	4,049,385	4,202,372
Closing Shareholders' funds	<u>5,746,316</u>	<u>4,049,385</u>

13. 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.

14. Commitments

Annual commitments under operating leases are as follows:

	1994	1993
	£	£
In respect of land and buildings		
Expiring in over five years	<u>-</u>	<u>209,882</u>