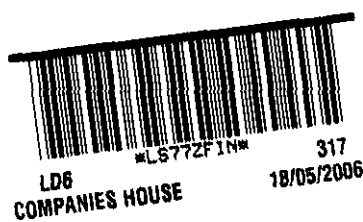


**BUPA CARE HOMES (GL) LIMITED**

**(Registered No. 1587972)**

## DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 DECEMBER 2005**



## **BUPA CARE HOMES (GL) LIMITED**

### **REPORT OF THE DIRECTORS** **for the year ended 31 December 2005**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2005.

**1. Principal activity**

The principal activities of the Company are the owning and operating of nursing and residential homes for the elderly.

**2. Review of the business**

The Directors consider the performance of the Company during the year to be satisfactory.

**3. Results and dividends**

The profit for the year, after taxation, amounted to £2,701,000 (2004- loss £157,000).

No dividend is proposed for 2005 (2004 - £ nil).

**4. Conversion to International Financial Reporting Standards**

The ultimate parent undertaking, The British United Provident Association Limited (BUPA), 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

**5. Directors and directors' interests**

Details of the present directors and any other person who served as a director during the year are set out below:

J P Davies	
M Ellerby	
P C Ludford	
R J Maclean	
N R Taylor	
A D Walford	(resigned 1 September 2005)
M I Dugdale	(resigned 15 September 2005)
O H D Thomas	
A M How	
N T Beazley	(appointed 1 September 2005)
B D J Kent	(appointed 1 September 2005)

The Directors had no interests requiring disclosure under Section 234 of the Companies Act 1985.

**6. 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 the 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 or any of its subsidiaries.

**BUPA CARE HOMES (GL) LIMITED**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2005**

**7. Employees and remuneration**

Details of the number of persons employed and gross remuneration are contained in note 3 to the financial statements.

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, through training, career development and promotion. Where employees have become disabled whilst in the service of the Company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

**8. 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.

Registered Office:  
Bridge House  
Outwood Lane  
Horsforth  
Leeds  
LS18 4UP

By Order of the Board

A handwritten signature in black ink, appearing to be 'M Ellerby', written over a series of horizontal lines.

**M Ellerby**  
**Director**

9 March 2006

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

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 the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUPA CARE HOMES (GL) LIMITED

We have audited the financial statements of BUPA Care Homes (GL) Limited for the year ended 31 December 2005 which comprise of the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses 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

As described in the Statement of Directors' Responsibilities on page 3, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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.

### 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 2005 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

Leeds

9 March 2006

**BUPA CARE HOMES (GL) LIMITED****PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2005**

	Note	2005 £'000	2004 £'000
Turnover	1	32,020	30,621
Operating expenses		<u>(30,106)</u>	<u>(29,745)</u>
Operating profit		1,914	876
Profit/(Loss) on disposal of fixed assets		1,797	(606)
Provision for liabilities in participating interest	4	(1,065)	(306)
Interest receivable and similar income	5	2,275	2,763
Interest payable and similar charges	6	<u>(2,050)</u>	<u>(1,777)</u>
Profit on ordinary activities before taxation	7	2,871	950
Tax on profit on ordinary activities	8	<u>(170)</u>	<u>(1,107)</u>
Profit/(Loss) for the financial year		<u>2,701</u>	<u>(157)</u>

The operating profit is all derived from continuing operations.

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 8 to 15 form part of these financial statements.

**BUPA CARE HOMES (GL) LIMITED**

**BALANCE SHEET**  
as at 31 December 2005

	Note	2005 £'000	2004 £'000
<b>Fixed assets</b>			
Tangible assets	9	6,894	6,553
<b>Current assets</b>			
Debtors		59,522	51,524
Debtors due within one year	10	20,681	14,007
Debtors due after one year	10	38,841	37,517
Cash at bank and in hand		1,018	33
		60,540	51,557
<b>Creditors: amounts falling due within one year</b>	11	(21,004)	(16,094)
<b>Net current assets</b>		39,536	35,463
<b>Total assets less current liabilities</b>		46,430	42,016
<b>Creditors: amounts falling due after more than one year</b>	12	(34,348)	(33,279)
<b>Provision for liabilities and charges</b>	13	(3,616)	(2,845)
		8,466	5,892
<b>Capital and reserves</b>			
Called up share capital	15	22,297	22,297
Revaluation reserve	16	106	233
Other reserves	16	10,136	10,136
Profit and loss account	16	(24,073)	(26,774)
<b>Equity shareholders' funds</b>		8,466	5,892

These financial statements were approved by the Board of Directors on 9 March 2006 and were signed on its behalf by:

**N R Taylor**  
Director



The accounting policies and notes on pages 8 to 15 form part of these financial statements.

**BUPA CARE HOMES (GL) LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 December 2005

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
<b>Profit/(Loss) for the financial year</b>	2,701	(157)
Unrealised loss on revaluation of properties	<u>(127)</u>	<u>-</u>
<b>Total gains and losses recognised since last annual report</b>	<u>2,574</u>	<u>(157)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
for the year ended 31 December 2005

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
<b>Profit/(Loss) for the financial year</b>	2,701	(157)
Other recognised gains and losses relating to the year (net)	<u>(127)</u>	<u>-</u>
<b>Net addition/(reduction) to shareholders' funds</b>	2,574	(157)
Opening shareholders' funds	<u>5,892</u>	<u>6,049</u>
<b>Closing shareholders' funds</b>	<u>8,466</u>	<u>5,892</u>



## **BUPA CARE HOMES (GL) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005**

#### **1. STATEMENT OF ACCOUNTING POLICIES**

##### **(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting convention as modified to include the revaluation of land and buildings and on a going concern basis.

As the Company is a wholly owned subsidiary undertaking of 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 Disclosures (FRS 8), not included details of transactions with other companies which are subsidiary undertakings of the BUPA Group. There were no other related party transactions.

The Company is exempt under Section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies.

##### **Accounting conventions**

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

##### **(b) 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 BUPA, a Company that prepares a consolidated cash flow statement for the BUPA Group.

##### **(c) Turnover**

Turnover represents the total amount earned by the Company in the ordinary course of business for services rendered after deducting trade discounts and Value Added Tax, where applicable. All turnover arises within the United Kingdom.

##### **(d) Fixed assets and depreciation**

Freehold and leasehold properties are stated at current valuation. Other tangible assets are stated at cost. Land and buildings are valued by external valuers every three years. No depreciation is provided on freehold land and properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their useful economic lives, as follows:

Freehold buildings	- 50 years
Leasehold improvements	- term of the lease
Fixtures, fittings & equipment	- 3 to 50 years

##### **(e) Investments**

Investments in subsidiary undertakings are stated at cost with provision made for any permanent diminution in value.

## **BUPA CARE HOMES (GL) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005**

#### **1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

##### **(f) 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:

- Provision is made for tax on gains arising from the revaluation of property to its market value, the fair value adjustment of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned and without it being possible to claim rollover relief. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- 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.*

##### **(g) Leases**

Leasing arrangements which transfer to the Company substantially all the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible assets and depreciated over their estimated economic lives or over the term of the lease, whichever is shorter. The capital element of the leasing commitments is included in liabilities as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation, and the interest element is charged against results in proportion to the capital element outstanding.

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

##### **(h) Pensions and other post-retirement benefits**

Contributions to the defined contribution scheme are charged to the profit and loss account in the accounting period in which they occur.

#### **2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS**

The immediate parent undertaking of the Company is BUPA Care Homes Group Limited, a Company registered in England and Wales.

The ultimate parent undertaking of the Company is BUPA, a Company registered in England and Wales in whose these financial statements are consolidated. Copies of the accounts of BUPA can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

## **BUPA CARE HOMES (GL) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005**

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

##### **(a) Employees**

The average number of full-time equivalent employees employed by the Company during the year (including directors), analysed by category, was as follows:

	<b>Number of employees</b>	
	<b>2005</b>	<b>2004</b>
Health care	<u>1,180</u>	<u>1,201</u>

The aggregate payroll costs of these persons were as follows:

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	16,002	15,358
Social security costs	1,233	1,135
Other pension costs	<u>65</u>	<u>71</u>
	<u>17,300</u>	<u>16,564</u>

##### **(b) Directors' remuneration**

The emoluments of the Directors are borne entirely by the other Group companies and are disclosed in the financial statements of those companies.

#### **4. PROVISION FOR LIABILITIES IN PARTICIPATING INTEREST**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Share of liabilities in The Care Homes Partnership	<u>1,065</u>	<u>306</u>

#### **5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2005</b>	<b>2004</b>
	<b>£'000</b>	<b>£'000</b>
Bank	30	24
Loan to Group undertakings	<u>2,245</u>	<u>2,739</u>
	<u>2,275</u>	<u>2,763</u>

**BUPA CARE HOMES (GL) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 December 2005

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2005</b>	2004
	<b>£'000</b>	£'000
Loans from Group undertakings	<u>2,050</u>	<u>1,777</u>

**7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<b>2005</b>	2004
	<b>£'000</b>	£'000
<b>Profit on ordinary activities before taxation is stated after charging/(crediting):</b>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	901	1,175
Leased	128	56
Reversal of past impairments	(213)	-
(Profit)/Loss on sale of fixed assets	(1,797)	606
Operating lease rentals:		
Plant and machinery	48	37
Land and buildings	<u>4,133</u>	<u>3,729</u>

Auditors' remuneration and amounts paid to KPMG Audit Plc and their associates for non audit services are borne by a fellow Group undertaking.

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(i) Analysis of tax charge in the year**

	<b>2005</b>	2004
	<b>£'000</b>	£'000
<b>Current tax</b>		
UK corporation tax on profits for the year	432	685
Adjustments in respect of prior periods	<u>32</u>	<u>221</u>
<b>Total current tax</b>	464	906
<b>Deferred tax</b>		
Origination and reversal of timing differences	32	145
Adjustments in respect of prior periods	<u>(326)</u>	<u>56</u>
<b>Tax on profit on ordinary activities</b>	<u>170</u>	<u>1,107</u>

# **BUPA CARE HOMES (GL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 December 2005

### **8. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

#### **(ii) Factors affecting the tax charge**

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

	<b>2005</b> <b>£'000</b>	2004 £'000
Profit on ordinary activities before tax	<u>2,871</u>	<u>950</u>
Tax charge on profit on ordinary activities at 30%	861	285
Effects of:		
Items not (chargeable)/deductible for tax purposes	(397)	545
Accelerated capital allowances	(93)	(171)
Deferred tax on short term and other timing differences	61	26
Adjustments to tax charge in respect of prior periods	<u>32</u>	<u>221</u>
Total current tax charge for the year	<u>464</u>	<u>906</u>

#### **(iii) Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for at 31 December 2005 is an asset of £249,000 (2004 – £606,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

### **9. TANGIBLE FIXED ASSETS**

	Land & buildings £'000	Fixtures, fittings & equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2005	3,577	12,914	16,491
Additions	716	976	1,692
Disposals	(661)	(657)	(1,318)
Revaluation	<u>72</u>	<u>-</u>	<u>72</u>
At 31 December 2005	<u>3,704</u>	<u>13,233</u>	<u>16,937</u>
<b>Depreciation</b>			
At 1 January 2005	694	9,244	9,938
Charge for the year	136	893	1,029
Disposal adjustments	(332)	(578)	(910)
Adjustments on revaluation	<u>(14)</u>	<u>-</u>	<u>(14)</u>
At 31 December 2005	<u>484</u>	<u>9,559</u>	<u>10,043</u>
<b>Net Book Value</b>			
At 31 December 2005	<u>3,220</u>	<u>3,674</u>	<u>6,894</u>
At 31 December 2004	<u>2,883</u>	<u>3,670</u>	<u>6,553</u>

# **BUPA CARE HOMES (GL) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 December 2005

### **9. TANGIBLE FIXED ASSETS (CONTINUED)**

The Company's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 31 December 2005 on the basis of existing use. The valuation has been made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations were incorporated into the balance sheet at 31 December 2005. Other tangible assets are stated at cost.

#### **Analysis of cost or valuation of land and buildings:**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
At open market value	3,649	2,073
Disposals	(661)	-
At cost	716	1,504
Aggregate depreciation thereon	<u>(484)</u>	<u>(694)</u>
Net book value	<u>3,220</u>	<u>2,883</u>
Historical cost of revalued asset	4,645	3,929
Aggregate depreciation based on historical cost	<u>(678)</u>	<u>(585)</u>
Historical cost net book value	<u>3,967</u>	<u>3,344</u>

### **10. DEBTORS**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	19,866	13,192
Prepayments and accrued income	<u>815</u>	<u>815</u>
	<u>20,681</u>	<u>14,007</u>
<b>Amounts falling due after one year:</b>		
Amount owed by Group undertakings	<u>38,841</u>	<u>37,517</u>

Prepayments and accrued income includes payments to Group undertakings for future services.

The amount owed by Group undertakings falling due after one year relates to a loan issued to BUPA Investments Limited. The loan is due in 2030 and bears interest at 6.4%.

### **11. CREDITORS – amounts falling due within one year**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Amounts owed to Group undertakings	<u>21,004</u>	<u>16,094</u>

**BUPA CARE HOMES (GL) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2005****12. CREDITORS – amounts falling due after more than one year**

	<b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Amounts owed to Group undertakings	<u>34,348</u>	<u>33,279</u>

**13. PROVISIONS FOR LIABILITIES AND CHARGES**

	Participating interest £'000	Deferred taxation £'000	Total £'000
At 1 January 2005	2,381	464	2,845
Provided in the year	1,065	32	1,097
Released in the year	-	(326)	(326)
At 31 December 2005	<u>3,446</u>	<u>170</u>	<u>3,616</u>

The Company has a participating interest in a joint venture with The Care Homes Partnership. This provision represents the Company's share of the partnerships liabilities as at 31 December 2005.

**14. DEFERRED TAXATION**

Deferred tax liabilities are analysed as follows:

	<b>Provided</b> <b>2005</b> <b>£'000</b>	<b>2004</b> <b>£'000</b>
Accelerated capital allowances	<u>170</u>	<u>464</u>

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

	<b>2005</b> <b>£'000</b>
At 1 January 2005	464
Deferred tax credit for the year	<u>(294)</u>
At 31 December 2005	<u>170</u>

The net deferred tax provision is included within provisions for liabilities and charges.

# BUPA CARE HOMES (GL) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2005

### 15. SHARE CAPITAL

	2005 £'000	2004 £'000
<b>Authorised</b>		
22,296,717 ordinary shares of £1 each	<u>22,297</u>	<u>22,297</u>
<b>Allotted, called-up and fully paid</b>		
22,296,637 ordinary shares of £1 each	<u>22,297</u>	<u>22,297</u>

### 16. RESERVES

	Revaluation reserve £000	Other reserves £000	Profit and loss account £000
At 1 January 2005	233	10,136	(26,774)
Revaluation deficit	(127)	-	-
Profit for the financial year	<u>-</u>	<u>-</u>	<u>2,701</u>
At 31 December 2005	<u>106</u>	<u>10,136</u>	<u>(24,073)</u>

### 17. COMMITMENTS

#### Operating leases

At 31 December 2005 the Company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2005 £000	2004 £000
Operating leases which expire:		
Over five years	<u>4,133</u>	<u>4,133</u>

#### Capital commitments

The Company had no capital commitments at the end of either year.

### 18. CONTINGENT LIABILITIES

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements in respect of the overdrafts of certain other Group undertakings. Under a Group registration the Company is jointly and severally liable for Value Added Tax due by certain other Group Companies.

A charge is held over cash of £694,000 as security over future operating rental payments due to BUPA LeaseCo (Guernsey) Limited.

The obligation of the Company under operating leases which have been granted to the Company by BUPA LeaseCo (Guernsey) Limited have been guaranteed by its parent Company and cross guaranteed by a number of its fellow subsidiaries.