

Goldsborough Developments Limited

(Registered No. 1879848)

Directors' Report and Financial Statements

For the Year Ended 31 December 2004



Goldsborough Developments Limited

Report of the directors for the year ended 31 December 2004

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

1. Principal activity

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

2. Review of the business

During the year the directors undertook a strategic review of the business, including a review of the current portfolio of hospitals. As a result, the directors have decided to sell 3 hospitals. The sale of the hospitals as a going concern will include 7 further hospitals owned by other BUPA Group companies and is expected to be completed in the first half of 2005.

3. Results and dividends

The loss for the year, after taxation, amounted to £2,399,972 (2003 - loss £2,717,324).
No dividend is proposed for 2004 (2003 - £nil).

4. Directors and directors' interests

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

J P Davies
M I Dugdale
D A Gray
C M Hollingsworth
A D Walford

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

Goldsborough Developments Limited

Report of the directors for the year ended 31 December 2004 - continued

5 Creditor payment policy

The company's policy concerning the payment of its trade creditors is to take the full credit terms offered by suppliers, with suppliers paid on average within 30 days of the receipt of invoice.

It is the company's policy to :

- agree the terms of payment at the start of business with that supplier,
- ensure that suppliers are aware of the terms of payment,
- pay in accordance with its contractual and other legal obligations.

At 31 December 2004 the company's trade creditors represented approximately 22 days (2003 - 12 days) purchases.

6. Employees and remuneration

Details of the number of persons employed and gross remunerations 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.

7. 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.

Goldsborough Developments Limited

Report of the directors for the year ended 31 December 2004 - continued

8. International Financial Reporting Standards

The company will be preparing its 2005 financial statements under International Financial Reporting Standards in line with the policy of its ultimate parent company, The British United Provident Association Limited (BUPA). Further information regarding this change can be found in the accounts of BUPA.

Registered Office :

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

4 March 2005

By Order of the Board



A D Walford
Secretary

Goldsborough Developments Limited

Statement of directors' responsibilities

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Goldsborough Developments Limited

Independent auditors' report to the members of Goldsborough Developments Limited

We have audited the financial statements on pages 6 to 22.

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

The directors are responsible for preparing the directors' report and, as described on page 4, 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 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

4 March 2005

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

Goldsborough Developments Limited

Profit and Loss Account for the year ended 31 December 2004

	<i>Note</i>	2004 £	2003 £
Turnover		28,203,218	26,389,497
Operating expenses		(24,456,841)	(23,001,785)
Operating Profit		<u>3,746,377</u>	<u>3,387,712</u>
Interest receivable and similar income	4	1,217,888	-
Interest payable and similar charges	5	(7,345,397)	(6,122,776)
Loss on ordinary activities before taxation	6	<u>(2,381,132)</u>	<u>(2,735,064)</u>
Tax on loss on ordinary activities	7	(18,840)	17,740
Retained loss for the financial year		<u>(2,399,972)</u>	<u>(2,717,324)</u>

The operating profit is all derived from continuing operations.

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

The accounting policies and notes on pages 9 to 22 form part of these financial statements.

Goldsborough Developments Limited

Balance Sheet as at 31 December 2004

	<i>Note</i>	2004 £	2003 £
Fixed assets			
Tangible assets	8	39,736,175	40,349,237
Current assets			
Stock		602,903	527,066
Debtors	9	136,638,127	130,072,056
Cash at bank and in hand		2,609	865
		<hr/>	<hr/>
		137,243,639	130,599,987
Creditors: amounts falling due within one year	10	<hr/> (3,742,072) <hr/>	<hr/> (2,456,418) <hr/>
Net current assets		<hr/> 133,501,567 <hr/>	<hr/> 128,143,569 <hr/>
Total assets less current liabilities		<hr/> 173,237,742 <hr/>	<hr/> 168,492,806 <hr/>
Creditors: amounts falling due after more than one year	11	(165,604,542)	(158,263,855)
Provisions for liabilities and charges	12	(935,555)	(1,131,334)
		<hr/>	<hr/>
Net assets		<hr/> 6,697,645 <hr/>	<hr/> 9,097,617 <hr/>
Capital and reserves			
Called up share capital	14	2,000,000	2,000,000
Revaluation reserve	15	20,472,214	20,472,214
Profit and loss account	15	(15,774,569)	(13,374,597)
		<hr/>	<hr/>
Equity shareholders' funds		<hr/> 6,697,645 <hr/>	<hr/> 9,097,617 <hr/>

These financial statements were approved by the Board of Directors on 4 March 2005 and were signed on its behalf by



D A Gray
Director

The accounting policies and notes on pages 9 to 22 form part of these financial statements.

Goldsborough Developments Limited**Note of historical cost profits and losses
for the year ended 31 December 2004**

	2004 £	2003 £
Reported loss on ordinary activities before taxation	(2,381,132)	(2,735,064)
Difference between historical cost depreciation charge and the actual depreciation charge on the revalued amount	258,774	258,774
Historical cost loss on ordinary activities before taxation	<u>(2,122,358)</u>	<u>(2,476,290)</u>
Historical cost loss on ordinary activities after taxation	<u>(2,141,198)</u>	<u>(2,458,550)</u>

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2004**

	2004 £	2003 £
Retained loss for the financial year	(2,399,972)	(2,717,324)
Net reduction in shareholders' funds	<u>(2,399,972)</u>	<u>(2,717,324)</u>
Opening shareholders' funds	9,097,617	11,814,941
Closing shareholders' funds	<u>6,697,645</u>	<u>9,097,617</u>

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

1. Accounting policies

Basis of preparation

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

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (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 Disclosure (FRS 8) not included details of transactions with other BUPA group companies which are subsidiary undertakings of the BUPA group. There were no other related party transactions.

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 The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for the BUPA Group.

New financial reporting standards

(i) Adoption of FRS 17

The full implementation of Financial Reporting Standard No 17: "Retirement benefits" (FRS 17), due to take place in 2003, has been delayed by the Accounting Standards Board. The transitional provisions of FRS 17 have been extended and, as a result, the company has complied with the transitional disclosures required by FRS 17.

Accounting conventions

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

Turnover

Turnover represents the amounts derived from the provision of private care services in the UK excluding value added tax.

**Notes to the Financial Statements
for the year ended 31 December 2004**

1. Accounting policies - continued

Fixed assets and depreciation

Freehold and leasehold properties including hospital properties are stated at cost or valuation. The valuation takes into account the future trading potential of the properties on an existing use basis. Unrealised gains are taken to the revaluation reserve unless they reverse revaluation losses previously taken to the profit and loss account. Unrealised revaluation losses are taken to the revaluation reserve until the carrying value is reduced to the original cost of the asset, at which point any further losses are taken to the profit and loss account.

Other tangible assets are stated at cost.

No depreciation is provided on freehold land or properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their estimated economic lives, as follows:

Freehold buildings	- 5 - 50 years
Leasehold land and buildings	- term of the lease
Plant and machinery	- 3 - 10 years
Fixtures, fittings & equipment	- 3 - 10 years

The estimated economic lives of the freehold and leasehold properties are reviewed annually and revised as appropriate, taking into consideration the levels of expenditure incurred on an ongoing basis to maintain the properties in a fit and proper state for their ongoing use as hospitals.

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

1. Accounting policies - continued

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 current 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 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, except that no payment is made for the surrender of losses between companies within the subgroup headed by BUPA Hospitals (Holdings) Limited.

Stocks and work in progress

Stocks are 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.

The difference between the estimated replacement cost of stock and the purchase price or production cost is not material.

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

1. Accounting policies - continued

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 the 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 to the profit and loss account in proportion to the capital element outstanding.

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Pension and other post retirement benefits

The ultimate holding company, The British United Provident Association Limited, operates defined contribution pension schemes and defined benefit pension schemes providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company in independently administered funds.

Defined contribution scheme

The amounts charged against profits represent the employer contributions payable to the scheme in respect of the accounting period.

Defined benefit scheme

The expected cost to the employer of providing these benefits is charged against profits so as to spread the cost over the expected average remaining service lives of the participating employees. Any difference between the cumulative charge against profits and the employer contributions paid to the scheme is shown as an asset or liability in the balance sheet.

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

2. Immediate and ultimate parent undertakings

The immediate parent undertaking of Goldsborough Developments Limited is BUPA Hospitals Limited, a company registered in England and Wales which is a subsidiary of BUPA Hospitals (Holdings) Limited, a company also registered in England and Wales. The results of Goldsborough Developments Limited are included in the consolidated accounts of BUPA Hospitals (Holdings) Limited and copies of these accounts may be obtained from the Registrar of Companies, Cardiff, CF14 3UZ.

The ultimate parent undertaking of Goldsborough Developments Limited is The British United Provident Association Limited (BUPA), a company registered in England and Wales. The results of Goldsborough Developments Limited are included in the consolidated accounts of BUPA and copies of these accounts can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

3. Staff costs and directors' remuneration

a) Employees

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2004	2003
Medical	238	231
Non medical	174	175
	<hr/>	<hr/>
	412	406
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2004	2003
	£	£
Wages and salaries	8,055,789	7,387,915
Social security costs	626,413	523,100
Other pension costs (see note 16)	847,759	870,887
	<hr/>	<hr/>
	9,529,961	8,781,902
	<hr/>	<hr/>

No remuneration was paid to any of the directors for the year (2003 : £ nil).

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

4. Interest receivable and similar income

	2004	2003
	£	£
Receivable from Group undertakings	<u>1,217,888</u>	<u>-</u>

5. Interest payable and similar charges

	2004	2003
	£	£
Payable to Group undertakings :		
Other loans	7,340,686	6,122,776
Other	<u>4,711</u>	<u>-</u>
	<u>7,345,397</u>	<u>6,122,776</u>

6. Loss on ordinary activities before taxation

	2004	2003
	£	£
<i>Loss on ordinary activities is stated after charging:</i>		
Depreciation and other amounts written off tangible fixed assets :		
Owned	2,050,711	1,892,345
Leased	-	10,504
Auditors' remuneration:		
Audit	23,000	21,673
Hire of plant and machinery - rentals payable	337,200	369,817
Hire of other assets		
- rentals payable under operating leases	46,055	63,584
	<u> </u>	<u> </u>

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

7. Tax on loss on ordinary activities before taxation

	2004 £	2003 £
(i) Analysis of tax charge/(credit) in year		
Current tax		
Adjustments in respect of prior periods	(28,094)	(8,358)
Deferred tax		
Origination and reversal of timing differences	11,098	15,199
Adjustments in respect of prior periods	<u>35,836</u>	<u>(24,581)</u>
Tax on loss on ordinary activities	<u>18,840</u>	<u>(17,740)</u>

(ii) Factors affecting the current tax credit

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

	2004 £	2003 £
Loss on ordinary activities before taxation	<u>(2,381,132)</u>	<u>(2,735,064)</u>
Tax credit on profit on ordinary activities at 30%	(714,339)	(820,519)
Effects of:		
Expenses not deductible for tax purposes	205,944	212,644
Depreciation in excess of capital allowances claimed	20,126	-
Capital allowances for the year in excess of depreciation	-	(63,845)
Deferred tax on short term and other timing differences	(31,224)	48,646
Adjustments to tax credit in respect of prior periods	(28,094)	(8,358)
Group relief not paid for	<u>519,493</u>	<u>623,074</u>
Total current tax credit for year	<u>(28,094)</u>	<u>(8,358)</u>

(iii) Factors that may affect future tax charges

No provision has been made for deferred tax on gains 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 is £4,858,000 (2003 - £4,900,000). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

8. Tangible assets

	Freehold property £	Long leasehold property £	Fixtures, fittings & vehicles £	Total £
Cost or valuation				
At 1 January 2004	14,487,960	23,308,337	10,579,176	48,375,473
Additions	159,082	330,731	947,836	1,437,649
Disposals	-	-	(96,291)	(96,291)
At 31 December 2004	14,647,042	23,639,068	11,430,721	49,716,831
Depreciation				
At 1 January 2004	289,382	472,099	7,264,755	8,026,236
Charge for the year	261,040	461,674	1,327,997	2,050,711
On disposals	-	-	(96,291)	(96,291)
At 31 December 2004	550,422	933,773	8,496,461	9,980,656
Net Book Value				
At 31 December 2004	14,096,620	22,705,295	2,934,260	39,736,175
At 31 December 2003	14,198,578	22,836,238	3,314,421	40,349,237
Depreciable amount				
At 31 December 2004	11,972,041	22,889,067	11,430,721	46,291,829
At 31 December 2003	11,812,959	22,558,336	10,579,176	44,950,471

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

8. Tangible assets - continued

Particulars relating to revalued assets are given below :

	Freehold property		Long Leasehold property	
	2004	2003	2004	2003
	£	£	£	£
Land and buildings				
At 2002 existing use value	14,438,905	14,438,905	22,890,838	22,890,838
Additions at cost	208,137	49,055	748,230	417,499
Aggregate depreciation thereon	(550,422)	(289,382)	(933,773)	(472,099)
	<u>14,096,620</u>	<u>14,198,578</u>	<u>22,705,295</u>	<u>22,836,238</u>
			2004	2003
			£	£
Historical cost of revalued assets			22,963,799	22,473,986
Aggregate depreciation based on historical cost			<u>(4,122,418)</u>	<u>(3,658,478)</u>
Historical cost net book value			<u>18,841,381</u>	<u>18,815,508</u>

The directors are not aware of any material change in value since the last valuation and therefore the valuations have not been updated.

9. Debtors

	2004	2003
	£	£
Amounts falling due within one year:		
Trade debtors	4,223,156	4,916,334
Other debtors	79,428	78,342
Prepayments and accrued income	95,781,796	97,465,617
Amounts owed by group undertakings	<u>36,553,747</u>	<u>27,611,763</u>
	<u>136,638,127</u>	<u>130,072,056</u>

Included in prepayments and accrued income are payments to Group undertakings for future services.

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

10. Creditors - amounts falling due within one year :

	2004 £	2003 £
Bank loans and overdrafts	655,084	163,285
Trade creditors	856,808	298,865
Amounts owed to Group undertakings	371,231	203,768
Other creditors	234,328	209,657
Accruals and deferred income	<u>1,624,621</u>	<u>1,580,843</u>
	<u>3,742,072</u>	<u>2,456,418</u>

11. Creditors - amounts falling due after more than one year :

	2004 £	2003 £
Amounts owed to Group undertakings	<u>165,604,542</u>	<u>158,263,855</u>

12. Provisions for liabilities and charges

	Pension £	Deferred taxation £	Total £
At 1 January 2004	601,253	530,081	1,131,334
Provided in the year	156,612	46,934	203,546
Utilised in year	<u>(399,325)</u>	<u>-</u>	<u>(399,325)</u>
At 31 December 2004	<u>358,540</u>	<u>577,015</u>	<u>935,555</u>

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

13. Deferred taxation

Deferred tax assets and liabilities are analysed as follows:

	Provided	
	2004	2003
	£	£
Accelerated capital allowances	780,116	795,677
Other timing differences	(203,101)	(265,596)
	<u>577,015</u>	<u>530,081</u>

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

	2004
	£
At 1 January 2004	530,081
Deferred tax charge for the year	<u>46,934</u>
At 31 December 2004	<u>577,015</u>

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

14. Share capital

	2004	2003
	£	£
Authorised		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called-up and fully paid		
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>

15. Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 January 2004	20,472,214	(13,374,597)
Retained loss for the year	-	<u>(2,399,972)</u>
At 31 December 2004	<u>20,472,214</u>	<u>(15,774,569)</u>

**Notes to the Financial Statements
for the year ended 31 December 2004**

16 Pensions

The company accounts for retirement benefit scheme costs under SSAP 24 and has complied with the transitional disclosure requirements of FRS 17.

SSAP24

The BUPA Group operates defined contribution and defined benefit pension schemes for the benefit of staff. The BUPA Pension Scheme, is a defined benefit pension scheme which provides benefits based on final pensionable salary, with charges made to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. This scheme was closed to new entrants from 1 October 2002. Under this scheme, contributions by employees and the BUPA Group are administered by trustees in funds independent of the Group. The scheme is funded to cover future pension liabilities allowing for future earnings and pension increases.

Detailed triennial valuations and periodic interim reviews are undertaken by an independent actuary. The last detailed triennial valuation of The BUPA Pension Scheme was carried out as at 1 July 2002 and interim valuations were performed as at 1 July 2003 and 1 July 2004. The projected unit method was used in the 2002 triennial valuation but, recognising the closure of the scheme to new entrants, the attained age method has been used in the 2003 and 2004 interim valuations. The independent actuary recommends the rate of contributions using these valuations and, in respect of companies within the hospitals securitised group, taking into account a notional allocation of the fund, which has been maintained since the securitisation, and fund rates of return. This ensures that the companies within the hospitals securitised group bear only the costs of pension obligations which relate to their employees.

Details of these latest valuations of the scheme and main assumptions are included in the annual report and accounts of the ultimate holding company.

At the date of the interim valuation the value of accrued benefits attributable to the hospitals securitised group was £192.0 million. The aggregate market value of The BUPA Pension Scheme assets, excluding members' additional voluntary contributions, attributable to the hospitals securitised group at 1 July 2004 was £152.4 million, representing 79.4% of the accrued benefits.

Employer contributions have been paid at the rate of 19.04% of pensionable salary from 1 January 2004 to The BUPA Pension Scheme. In accordance with the interim valuation dated 1 July 2004 employer contributions will increase to 20.0% of pensionable salary from 1 April 2005. In addition, the employer is making a series of annual payments calculated so as to eliminate the deficit shown in the interim valuation dated 1 July 2003. The second of these payments in respect of the hospitals securitised group, of £6.7 million, was made during 2004, bringing the total of such payments to £10.05 million. A further payment of £6.7 million in respect of the hospitals securitised group is expected to be made during 2005.

The accounts include a provision (see note 12) of £358,540 (2003 : £601,253) which represents the excess of the accumulated cost over the contributions made in respect of this scheme.

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

16. Pensions - continued

From 1 October 2002 new employees were eligible to join The BUPA Retirement Savings Plan, a defined contribution scheme. The pension cost to the company in respect of this scheme equals the employer's contributions payable in the period.

The total pension cost included in the profit and loss account amounted to £847,759 (2003 : £870,887).

FRS 17

The BUPA Pension Scheme was valued as at 31 December 2004 under the requirements of FRS 17. A separate valuation under the requirements of FRS 17 was completed for the hospitals securitised group based on a notional asset allocation of the fund, which has been maintained since the securitisation. For the hospitals securitised group this valuation showed a deficit before deferred tax of £79.1 million (2003 - £53.7 million) with assets of £168.7 million (2003 - £141.3 million) and liabilities of £247.8 million (2003 - £195.0 million). For each company within the hospitals securitised group it is not practicable to identify each company's share of this deficit on a consistent and reliable basis. Therefore upon full implementation of FRS 17 and, as permitted by FRS 17, the pension costs relating to this scheme will be accounted for by the company as if the scheme was a

The full disclosure requirements under FRS 17 are disclosed in the Annual Report and Accounts of The British United Provident Association Limited.

17. Commitments

Operating leases

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2004	2003
	£	£
Operating leases which expire:		
Over five years	55,811	63,416

18. Contingent liabilities

The company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the loans and 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.

Goldsborough Developments Limited

Notes to the Financial Statements for the year ended 31 December 2004

19. Securitisation

The company has granted first fixed and first floating ranking security over all the property, undertaking and assets of the company as part of the corporate securitisation that took place in July 2002. For further details please refer to the accounts of the company's immediate parent, BUPA Hospitals Limited.