

**Bupa Care Homes (ANS) Limited**  
**(Registered number 1960990)**  
**Directors' report and financial statements**  
**for the year ended**  
**31 December 2011**

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**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
**Year ended 31 December 2011**

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**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
**Year ended 31 December 2011**

**Directors' report**

The directors present their annual report and the financial statements of Bupa Care Homes (ANS) Limited ("the Company") for the year ended 31 December 2011

**1. Principal activities**

The principal activities of the Company for the year are the owning and operating of nursing and residential homes for the elderly. The Company together with fellow subsidiary undertakings of the ultimate parent company, The British United Provident Association Limited (Bupa), with similar activities form Bupa Care Homes.

**2. Business review**

**Results**

The profit for the year, after taxation, amounted to £2,421,000 (2010 £1,942,000). The Company had net assets of £62,743,000 (2010 £77,095,000).

**Change of ownership**

On 7 December 2011, ANS 2000 Limited, an intermediate parent undertaking, acquired the entire share capital of the Company. On the same day, ANS2003 Limited, an intermediate parent undertaking acquired the entire share capital of the Company. On the same day, Bupa Finance plc, an intermediate parent undertaking, acquired the entire share capital of the Company.

**Capital reduction**

The Company performed a capital reduction during the year.

**Dividends**

An interim dividend of £150,000 per ordinary shares amounting to £15,000,000 was declared and paid in respect of the year ended 31 December 2011 (2010 £nil). No final dividend was declared for the year (2010 £nil).

**Key performance indicators**

Bupa Care Homes is a leading care homes operator in the UK providing nursing and residential care to more than 18,000 residents in over 300 care homes in the UK over 70% of whom are funded wholly or in part by local authorities and primary care trusts (PCTs).

Despite the challenging economy the Company has delivered satisfactory results in the year. In this environment, the Company focused on managing occupancy and costs to maintain profitability. The board monitors progress on the overall strategy and the individual strategic elements by reference to the key performance indicators below.

	2011	2010	Analysis
Revenue (£'000)	103,087	102,033	Revenue has increased due to the annual fee increase for each resident.
Operating profit (£'000)	7,535	6,456	Operating profit has increased primarily as a result of higher revenue and lower impairment losses in 2011 partially offset by higher payroll costs.
Occupancy percentage (%)	83.7	86.9	Occupancy has fallen due to public authority funding restrictions, slowdown in self-funded admissions and high winter mortality rates.
Available beds	3,216	3,118	The strategy is to provide an enhanced environment for our residents. During the year the Company opened a care home in Ashford, Kent.

**Definitions and method of calculation**

Occupancy percentage is defined as the average occupied beds divided by average available beds for the year.

Available beds are the average number of beds available for occupation during the year.

**Directors' report (continued)**

**2. Business Review (continued)**

***Development***

Bupa Care Homes has continued to lead the field in aged care, working with government and organisations to help shape agenda and long term policies

Revenues were maintained despite public authority funding restrictions, with the average local authority fee increase from 1 April 2011 near flat. Surplus was affected by lower occupancy and increases in staff costs due to, among other factors, increases in the national minimum wage and increased investment in training

The low level of funding increase reflects the current pressure on public sector budgets. Research commissioned by Bupa Care Homes shows that care home fees paid by councils have fallen by 3.9% in real terms over the last two years, with fees no longer covering the costs of supporting sustainable care homes that meet CQC Essential Standards

Bupa Care Homes retains freehold ownership of the majority of its care homes, has a long history of offering long term care for older people and is investing in the sector for the future. The business remains concerned that failure of local authorities to pay fairer fees will inevitably lead to a contraction of the overall care homes market and a potential bed-blocking crisis for the NHS. The collapse of Southern Cross has drawn policy-makers' attention to the risks to care provision if funding levels are not improved

Bupa Care Homes is actively contributing to the UK government's working groups which have been set up to respond to the Report of the Commission on Funding of Care and Support in England, led by economist Andrew Dilnot. Bupa Care Homes welcomes the debate that has been started by the Dilnot Report and believe that the recommendations are likely to help people with assets better prepare for care in old age. As the majority of people in care homes today are funded by the state, there is the need for significant investment from the government to pay for the care of those with no means to pay for themselves

The business also submitted responses to consultations on the role of Monitor in regulating social care, and proposals for national assessment of care homes by the CQC

During the year the Company opened a care home in Ashford, Kent and sold care homes in Broadstairs, Kent and Westgate on sea, Kent

On 7 December 2011, the company acquired the share capital of Bupa Care Homes (AKW) Limited for a consideration of £87,298,000 and the share capital of Bupa Care Homes (Carrick) Limited for a consideration of £31,218,000

***Future outlook***

Bupa Care Homes continues to perform well despite increasing pressure on public sector budgets and funding for aged care coming under review by the government. Throughout the year, Bupa Care Homes demonstrated its commitment to investing in the training and development of its staff. The business continues to roll out its 'Person first dementia second' training for care home managers across the country. This investment in its workforce resulted in the business securing a number of awards, including 'Dementia Care Manager of the Year' at the National Care Awards and 'Nurse of the Year' at the Scottish Care Awards. The quality of Bupa Care Homes' care was also recognised by its highest ever resident satisfaction levels, with 75% rating the quality of care they receive as 'excellent' or 'very good'

***Principal risks and uncertainties***

The Company and its strategy are subject to a number of risks and uncertainties. Management consider that the key risks and uncertainties arise as a result of challenges to occupancy and fee levels of publicly funded residents as a result of public sector spending constraints and pressure on private funded placements due to current economic conditions

In addition it is anticipated that there will be increasing legislation and regulation and increases in staff costs driven by employment legislation

Further information relating to the Company, as applicable to the Bupa Group as a whole, is provided within the discussion of business risks and uncertainties section of the Group's annual report and accounts, which does not form part of this report

**Directors' report (continued)**

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

The ultimate parent undertaking, Bupa, has prepared group accounts in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The Company is not required to report under IFRS and therefore these accounts are prepared in accordance with applicable UK accounting standards.

**4. Directors**

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

S P Reiter		
M Ellerby		
O H D Thomas		
S M Los		
N T Beazley		
M P Elliott		
R N Jackson	appointed	1 October 2011
T Fletcher	resigned	6 September 2011
M A Merchant		
N R Taylor		
T J Seal		

**5. 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.

**6. Employees**

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.

The Company is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. 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 and if necessary, appropriate training would be provided.

The Company continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Company's performance through management channels, in-house magazines and by way of attendance at internal seminars and training programmes. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

**7. Political and charitable contributions**

The Company made no political or charitable donations or incurred any political expenditure during the year (2010: £nil).

**Bupa Care Homes (ANS) Limited**  
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**Directors' report (continued)**

**8. Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that

- so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

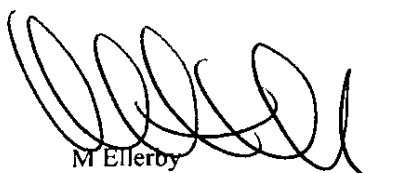
**9. Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit plc will therefore continue in office

Registered Office

Bridge House  
Outwood Lane  
Horsforth  
Leeds  
West Yorkshire  
LS18 4UP

12 March 2012



M Ellerby  
Director

**Statement of directors' responsibilities in respect of the directors' report and financial statements**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period

In preparing these 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 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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

## **Independent auditor's report to the members of Bupa Care Homes (ANS) Limited**

We have audited the financial statements of Bupa Care Homes (ANS) Limited for the year ended 31 December 2011 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor**

As explained more fully in the statement of directors' responsibilities in respect of the directors' report and financial statements set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**Johnathan Pass**  
**Senior Statutory Auditor**  
**for and on behalf of**  
**KPMG Audit plc**  
**Statutory Auditor**  
*Chartered Accountants*  
1 The Embankment  
Neville Street  
Leeds  
West Yorkshire  
LS1 4DW

14 March 2012



**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
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**Profit and loss account**

	Note	2011 £'000	2010 £'000
Turnover		103,087	102,033
Operating expenses	2	(95,552)	(95,577)
<b>Operating Profit</b>		<b>7,535</b>	<b>6,456</b>
Income from shares in group undertakings	4	-	1,000
Profit on disposal of fixed assets	9	472	-
Interest payable and similar charges	5	(2,697)	(1,111)
<b>Profit on ordinary activities before taxation</b>	6	<b>5,310</b>	<b>6,345</b>
Tax on profit on ordinary activities	7	(2,889)	(4,403)
<b>Profit for the year</b>		<b>2,421</b>	<b>1,942</b>

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 10 to 20 form part of these financial statements

**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
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**Statement of total recognised gains and losses**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the year	2,421	1,942
Unrealised deficit on revaluation and impairment of properties	(1,763)	(836)
<b>Total gains and losses recognised since last annual report and financial statements</b>	<b>658</b>	<b>1,106</b>

The accounting policies and notes on pages 10 to 20 form part of these financial statements

**Bupa Care Homes (ANS) Limited**  
**Financial statements**

**Balance sheet**  
**as at 31 December 2011**

	Note	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Intangible assets	8	4,459	5,445
Tangible assets	9	183,816	187,217
Investments	10	127,920	9,404
		<b>316,195</b>	<b>202,066</b>
<b>Current assets</b>			
Debtors	11	31	115
Cash at bank and in hand		6	5
		<b>37</b>	<b>120</b>
<b>Creditors amounts falling due within one year</b>	12	<b>(194,733)</b>	<b>(7,508)</b>
<b>Net current liabilities</b>		<b>(194,696)</b>	<b>(7,388)</b>
<b>Total assets less current liabilities</b>		<b>121,499</b>	<b>194,678</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(53,957)</b>	<b>(113,765)</b>
<b>Provisions for liabilities</b>	14	<b>(4,799)</b>	<b>(3,818)</b>
<b>Net assets</b>		<b>62,743</b>	<b>77,095</b>
<b>Shareholders' Funds</b>			
Called up share capital	16	-	1,600
Share premium account	17	-	5,815
Revaluation reserve	17	41,547	43,310
Profit and loss account	17	21,196	26,370
<b>Shareholders' Funds</b>	18	<b>62,743</b>	<b>77,095</b>

These financial statements were approved by the board of directors and were signed on its behalf by



**S P Reiter**  
**Director**  
12 March 2012

Registered number 1960990

The accounting policies and notes on pages 10 to 20 form part of these financial statements

**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
**Year ended 31 December 2011**

**Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the year.

**(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable UK accounting standards.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

**(b) Going concern**

The Company meets its day to day working capital requirements through an intercompany financing arrangement. The forecast and projections of the Bupa Group indicate that it will continue to trade profitably. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**(c) Related party transactions**

As the Company is a wholly owned subsidiary of Bupa, the Company has taken advantage of the exemption contained in Financial Reporting Standard 8 Related Party Disclosures (FRS 8) and has therefore not disclosed transactions or balances with entities which form part of the Bupa Group.

**(d) Cash flow statement**

Under Financial Reporting Standard 1 Cash Flow Statements (revised 1996) (FRS 1) the Company is exempt from the requirement to prepare a cash flow statement on the grounds it is a wholly owned subsidiary undertaking of Bupa, a company that prepares a consolidated cash flow statement for the Bupa Group.

**(e) 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.

**(f) Taxation and deferred taxation**

The charge for taxation is based on the result for the year and takes into account deferred taxation.

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.

**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
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**Accounting policies (continued)**

**(g) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write-off the cost or valuation, less the estimated residual value, on a straight line basis over its expected useful life, as follows

Freehold buildings	- 50 years
Leasehold land and buildings	- term of the lease
Fixtures and fittings	- 3 to 50 years

**(h) Intangible assets**

Goodwill arising on acquisitions (representing the excess of purchase consideration for assets acquired over the fair value of the net assets acquired) is capitalised on the balance sheet and is amortised over its estimated useful economic life on a straight line basis. The useful economic life is determined after taking into account factors such as type of business, customer relationships and distribution channels but will normally be limited to periods of 20 years or less.

Leases acquired as intangible assets as part of a business combination are capitalised at cost, being its fair value at acquisition. After initial recognition, these costs are carried at revalued amount being its fair value at the date of revaluation less any subsequent accumulated amortisation and any subsequent impairment losses. Fair value is based on periodic, but at least triennial, valuations performed by external independent valuers and are determined by reference to an active market. The valuations are performed with sufficient regularity to ensure that the Company value does not differ significantly from fair value at the balance sheet date. The intangible assets are amortised so as to write off the cost or valuation by equal instalments over the term of the lease.

**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
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**Notes to the financial statements**

**1. Immediate and ultimate parent company**

The immediate parent undertaking of the Company is Bupa Finance plc, a company incorporated in England and Wales

The ultimate parent undertaking of the Company, and the largest group into which these financial statements are consolidated, is The British United Provident Association Limited (Bupa), a company incorporated in England and Wales. The smallest group into which these financial statements are consolidated is that headed by Bupa Finance plc, a company incorporated in England and Wales

Copies of the accounts of both companies can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ

**2 Operating expenses**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs	56,087	54,161
Other operating expenses	39,465	41,416
	<b>95,552</b>	<b>95,577</b>

**3. Staff costs and directors' remuneration**

**(i) Staff costs**

The average monthly number of employees (including directors) was as follows

	<b>2011</b>	<b>2010</b>
Health care	3,256	3,109

Their aggregate remuneration comprised

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	52,066	50,143
Social security costs	3,881	3,906
Other pension costs	140	112
	<b>56,087</b>	<b>54,161</b>

**(ii) 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. Income from shares in group undertakings**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Ordinary dividend from Belmont Care Limited	-	1,000

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**Notes to the financial statements (continued)**

**5. Interest payable and similar charges**

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Group undertakings	2,697	1,111

**6. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging/(crediting)

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of tangible fixed assets		
- owned	5,454	4,872
Impairment of tangible fixed assets		
- owned	5,337	-
Loss on revaluation	-	8,138
Profit on disposal of fixed assets	(472)	-
Amortisation of goodwill	986	1,098
Operating lease rentals		
- land and buildings	6,568	6,371
- plant and machinery	83	74
Fees payable to the Company's auditor for the audit of the Company's annual accounts	15	14

Fees for the audit of the Company represent the amount receivable by the Company's auditor. The amount may not be borne by the Company.

Fees paid to the Company's auditor, KPMG Audit plc, and its associates for services other than the statutory audit of the Company are not disclosed in these accounts since the consolidated accounts of Bupa, the ultimate parent undertaking, disclose non-audit fees on a consolidated basis.

**7. Tax on profit on ordinary activities**

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

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profit for the year	3,238	4,377
Adjustments in respect of prior periods	185	(21)
<b>Total current tax</b>	<b>3,423</b>	<b>4,356</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(75)	16
Change in tax rates	(269)	(141)
Adjustments in respect of prior periods	(190)	172
<b>Total deferred tax</b>	<b>(534)</b>	<b>47</b>
<b>Total tax on profit on ordinary activities</b>	<b>2,889</b>	<b>4,403</b>

**Bupa Care Homes (ANS) Limited**  
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**Notes to the financial statements (continued)**

**7. Tax on profit on ordinary activities (continued)**

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

The differences between the total current tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

	<b>2011</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>
Profit on ordinary activities before taxation	5,310	6,345
Tax on profit on ordinary activities at standard UK corporation tax rate of 26.5% (2010: 28%)	1,407	1,776
Effects of		
Changes in tax rate	5	(1)
Non taxable income	-	(280)
Expenses not deductible for tax purposes	1,751	2,898
Accelerated capital allowances	37	(16)
Deferred tax and other short term timing differences	38	-
Adjustments to tax charge/(credit) in respect of prior periods	185	(21)
<b>Total current tax charge for year</b>	<b>3,423</b>	<b>4,356</b>

The amount of deferred tax that has not been provided on re-valued fixed assets and fixed assets subject to rollover relief is £12,026,000 (2010: £14,237,000). At present, it is not envisaged that any such tax will become payable in the foreseeable future.

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

The budget in March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of four years from 2011. The reduction to 25% was enacted on 5 July 2011 to be effective from 1 April 2012. The Company's deferred tax balances have been provided for at 25%, being the rate that was substantively enacted at 31 December 2011.

**8. Intangible assets**

	Intangible Assets £'000	Goodwill £'000	Total £'000
<b>Cost</b>			
At 1 January 2011 and 31 December 2011	4,955	4,225	9,180
<b>Amortisation</b>			
At 1 January 2011	591	3,144	3,735
Charge for the year	142	844	986
At 31 December 2011	733	3,988	4,721
<b>Net book value</b>			
At 31 December 2011	4,222	237	4,459
At 1 January 2011	4,364	1,081	5,445



**Bupa Care Homes (ANS) Limited**  
**Financial statements**  
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**Notes to the financial statements (continued)**

**9. Tangible fixed assets**

	Land and buildings £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2011	172,358	29,671	202,029
Additions	1,672	8,383	10,055
Disposals	(1,441)	(3,998)	(5,439)
At 31 December 2011	172,589	34,056	206,645
<b>Depreciation</b>			
At 1 January 2011	793	14,019	14,812
Charge for the year	2,067	3,387	5,454
Impairment losses	7,100	-	7,100
Disposals	(664)	(3,873)	(4,537)
At 31 December 2011	9,296	13,533	22,829
<b>Net Book Value</b>			
At 31 December 2011	163,293	20,523	183,816
At 31 December 2010	171,565	15,652	187,217

The Company's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 31 December 2010 on the basis of existing use. The valuation was 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 2010. Other tangible assets are stated at cost. The directors have performed an impairment review of freehold land and buildings as at 31 December 2011. This review has resulted in an impairment of £7,100,000 against the value of certain freehold land and buildings. In the opinion of the directors this loss in value is of a permanent nature.

During the year the Company sold two care homes in Broadstairs and Westgate on Sea, Kent for a consideration of £1,415,000 resulting in a profit on disposal of £472,000.

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

	2011 £'000	2010 £'000
At open market value	170,897	170,897
At cost	3,133	1,461
Disposal	(1,441)	-
Aggregate depreciation thereon	(2,196)	(793)
Impairment	(7,100)	-
	163,293	171,565

If land and buildings had not been revalued they would have been included at the following amounts

	2011 £'000	2010 £'000
Historical cost of revalued assets	145,859	147,497
Depreciation based on historical cost	(17,458)	(14,971)
Historical cost net book value	128,401	132,526

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**Notes to the financial statements (continued)**

**10. Investments**

	2011 £'000
Subsidiary undertakings	
<b>Cost</b>	
At 1 January 2011	9,404
Additions	118,516
<b>At 31 December 2011</b>	<b>127,920</b>
<b>At 31 December 2010</b>	<b>9,404</b>

In the opinion of the directors the investments in the Company's subsidiaries are worth at least the amounts at which they are stated in the balance sheet

The principal subsidiary companies of the Company as at 31 December 2011 are listed below

	<b>Class of shares</b>	<b>Principal activity</b>
Belmont Care Limited	Ordinary	Owner and operator of nursing and residential homes for the elderly
Bupa Care Homes (AKW) Limited	Ordinary	Owner and operator of nursing and residential homes for the elderly
Bupa Care Homes (Carrick) Limited	Ordinary	Owner and operator of nursing and residential homes for the elderly

On 7 December 2011 the Company acquired the entire issued share capital of Bupa Care Homes (AKW) Limited for the total consideration of £87,298,000

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Company

	Book value and Fair value to Company £'000
Tangible	103,521
Amounts owed to group undertakings	(13,099)
Corporation tax	(2,735)
Deferred tax	(389)
<b>Net assets</b>	<b>87,298</b>
Cash consideration	87,298

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**10. Investments (continued)**

The summarised profit and loss account for the period from 1 January 2011 to 7 December 2011, shown on the basis of the accounting policies of Bupa Care Homes (AKW) Limited prior to the acquisition, are as follows

	£'000
Turnover	27,527
Operating expenses	(21,719)
<b>Operating profit</b>	<b>5,808</b>
Finance charges (net)	(118)
<b>Profit on ordinary activities before taxation</b>	<b>5,690</b>
Tax on profit of ordinary activities	(2,014)
<b>Profit for the financial period</b>	<b>3,676</b>

There were no material differences between reported profit and losses and historical profit and losses on ordinary activities before and after taxation

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

On 7 December 2011 the Company acquired the entire issued share capital of Bupa Care Homes (Carrick) Limited for the total consideration of £31,218,000

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the Company

	Book value and fair value to Company £'000
Tangible	41,863
Amounts owed to group undertakings	(8,797)
Corporation tax	(1,079)
Deferred tax	(769)
<b>Net assets</b>	<b>31,218</b>
<b>Cash consideration</b>	<b>31,218</b>

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**Notes to the financial statements (continued)**

**10. Investments (continued)**

The summarised profit and loss account for the period from 1 January 2011 to 7 December 2011, shown on the basis of the accounting policies of Bupa Care Homes (Carrick) Limited prior to the acquisition, are as follows

	£'000
Turnover	17,295
Operating expenses	(14,802)
<b>Operating profit</b>	<b>2,493</b>
Finance charges (net)	(94)
<b>Profit on ordinary activities before taxation</b>	<b>2,399</b>
Tax on profit of ordinary activities	(758)
<b>Profit for the financial period</b>	<b>1,641</b>

**11 Debtors**

	2011 £'000	2010 £'000
Other debtors	31	115

**12. Creditors – amounts falling due within one year**

	2011 £'000	2010 £'000
Group undertakings	194,731	7,506
Corporation tax	2	2
	<b>194,733</b>	<b>7,508</b>

**13. Creditors – amounts falling due after more than one year**

	2011 £'000	2010 £'000
Group undertakings	53,957	113,765

Amounts owed to Group undertakings comprise

	Date issued	Repayment date	Interest rate	2011 £'000	2010 £'000
Bupa Care Homes (CFHCare) Limited	December 2010	December 2016	Six month LIBOR plus 15 basis points	-	113,765
Bupa Care Homes (CFHCare) Limited	December 2011	December 2021	Six month LIBOR plus 120 basis points	53,957	-
				<b>53,957</b>	<b>113,765</b>

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**14. Provisions for liabilities and charges**

	Deferred taxation £'000	Onerous Lease £'000	Total £'000
At 1 January 2011	3,818	-	3,818
Provided in the year	-	1,515	1,515
Utilised in the year	(534)	-	(534)
<b>At 31 December 2011</b>	<b>3,284</b>	<b>1,515</b>	<b>4,799</b>

The onerous lease relates to an unoccupied property in Battersea, London

**15. Deferred tax**

Net deferred tax liability is analysed as follows

	2011 £'000	2010 £'000
Accelerated capital allowances	2,781	3,233
Other timing differences	503	585
<b>Deferred tax liability</b>	<b>3,284</b>	<b>3,818</b>

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

	£'000
At 1 January 2011	3,818
Charged for year	(534)
<b>At 31 December 2011</b>	<b>3,284</b>

The net deferred tax liability is included within provision for liabilities

**16. Called up share capital**

	2011 £'000	2010 £'000
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each (2010 202,500)	-	203
Nil redeemable preference shares of £1 each (2010 1,089,998)	-	1,090
Nil redeemable ordinary shares of £1 each (2010 136,365)	-	136
Nil 'A' ordinary shares of £1 each (2010 161,135)	-	161
Nil non redeemable B preference shares of £1 each (2010 10,000)	-	10
	-	1,600

The Company performed a capital reduction during the year and the number of issued shares was reduced from 202,500 ordinary shares to 100 ordinary shares and all other share classes were cancelled or redeemed. As a result the share capital was transferred to distributable reserves.

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**17. Reserves**

	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2011	5,815	43,310	26,370
Profit for the year	-	-	2,421
Dividends paid	-	-	(15,000)
Capital reduction	(5,815)	-	7,405
Unrealised loss	-	(1,763)	-
<b>At 31 December 2011</b>	<b>-</b>	<b>41,547</b>	<b>21,196</b>

**18. Reconciliation of movement in shareholders' funds**

	2011 £'000	2010 £'000
Profit for the year	2,421	1,942
Other recognised losses relating to the year, net	(1,763)	(836)
Redemption of preference shares	(10)	-
Dividends paid	(15,000)	-
<b>Net (reduction in) / addition to shareholders' funds</b>	<b>(14,352)</b>	<b>1,106</b>
Opening shareholders' funds	77,095	75,989
<b>Closing shareholders' funds</b>	<b>62,743</b>	<b>77,095</b>

**19. Contingent liabilities and other financial commitments**

**(i) Contingent liabilities**

Under a Group registration the Company is jointly and severally liable for Value Added Tax due by certain other Group Companies

**(ii) Financial commitments**

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as set out below

	2011 £'000	2010 £'000
Land and buildings		
Expiry date		
- after five years	6,838	6,371

**(iii) Capital commitments**

At 31 December 2011 the Company had capital commitments as set out below

	2011 £'000	2010 £'000
Land and buildings	5,940	-