

# INTERIM ACCOUNTS

**BUPA CARE HOMES (CFG) PLC**

**(Registered No. 1969735)**

**COMPANY FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 30 JUNE 2007**

WEDNESDAY



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COMPANIES HOUSE 195

## **BUPA CARE HOMES (CFG) PLC**

### **REPORT OF THE DIRECTORS for the period ended 30 June 2007**

The directors present their report and the financial statements for the period ended 30 June 2007

#### **1. Principal activity and review of business**

The principal activity of the Company is that of a holding company for care home operators

##### **Results and dividends**

The surplus for the period, after taxation, amounted to £134,745,000 (year ended 31 December 2006 – loss £2,512,000) The Company has net assets of £286,359 (year ended 31 December 2006 – £152,614)

No dividend was declared and paid for the period (year ended 31 December 2006 – £nil)

##### **Development**

There has been a growth in operating profit from the operation of nursing homes for the elderly which has been achieved through a combination of annual fee increases, maintaining occupancy and tight cost management, particularly the costs of agency staff

##### **Future outlook**

The long term growth in the older population and rising affluence continue to offer opportunities for investment in the sector. Current projections show a significant increase in the number of people over the age of 85. This will lead to an increase in the demand for high dependency care.

There is now significant pressure on funding in both the NHS and local authorities following recent increases in public funding. Additionally there are a number of cost pressures facing the industry including the increasing national minimum wage, additional holiday entitlement for staff and growing utility costs.

##### **Principal risks and uncertainties**

Both the Group's management 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 both of privately funded residents and local authority commissioned placements, pressure on fees from the public sector, increasing legislation and regulation, competition for staff and increases on staff costs and management of the cost base of the business.

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.

#### **2. 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.

**BUPA CARE HOMES (CFG) PLC**

**REPORT OF THE DIRECTORS**  
**for the period ended 30 June 2007**

**3. Directors and directors' interests**

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

J P Davies  
M Ellerby  
N R Taylor  
N T Beazley  
B D J Kent

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

**4. 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 certain 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

**5. Disclosure of information to auditors**

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 auditors are unaware, and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Registered Office  
Bridge House  
Outwood Lane  
Horsforth  
Leeds  
LS18 4UP

By Order of the Board



21 September 2007

N Taylor  
Director

## **BUPA CARE HOMES (CFG) PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE 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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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 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.

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.

**BUPA CARE HOMES (CFG ) PLC**

**COMPANY PROFIT AND LOSS ACCOUNT**  
**for the period ended 30 June 2007**

	<b>1 January to 30 June 2007 £'000</b>	<b>Year ended 31 December 2006 £'000</b>
Operating expenses	<u>289</u>	<u>(5)</u>
<b>Operating profit / (loss)</b>	289	(5)
Income from shares in group undertakings	3 136,200	-
Interest receivable and similar income	4 10,458	17,600
Interest payable and similar charges	5 <u>(12,825)</u>	<u>(21,183)</u>
<b>Profit / (loss) on ordinary activities before taxation</b>	134,122	(3,588)
Taxation on profit on ordinary activities	6 <u>623</u>	<u>1,076</u>
<b>Profit / (loss) for the financial period</b>	<u>134,745</u>	<u>(2,512)</u>

The operating profit is all derived from continuing operations

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

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

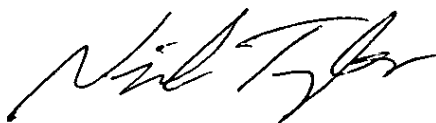
The accounting policies and notes on pages 8 to 13 form part of these financial statements

**BUPA CARE HOMES (CFG) PLC**

**COMPANY BALANCE SHEET**  
as at 30 June 2007

		<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
<b>Fixed assets</b>			
Investments	7	<u>225,489</u>	<u>225,489</u>
<b>Current assets</b>			
Debtors		391,424	371,770
Debtors due within one year	8	<u>236,012</u>	<u>216,358</u>
Debtors due after one year	8	<u>155,412</u>	<u>155,412</u>
		<u>391,424</u>	<u>371,770</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(200,148)</u>	<u>(317,581)</u>
<b>Net current assets</b>		<u>191,276</u>	<u>54,189</u>
<b>Total assets less current liabilities</b>		416,765	279,679
<b>Creditors: amounts falling due after more than one year</b>	10	<u>(129,406)</u>	<u>(127,064)</u>
<b>Net assets</b>		<u>287,359</u>	<u>152,614</u>
<b>Capital and reserves</b>			
Called up share capital	11	40,553	40,553
Share premium account	12	114,141	114,141
Capital redemption reserve	12	2,110	2,110
Profit and loss account	12	<u>130,555</u>	<u>(4,190)</u>
<b>Shareholders' funds</b>		<u>287,359</u>	<u>152,614</u>

These financial statements were approved by the Board of Directors on 21 September 2007 and were signed on its behalf by



**N R Taylor**  
**Director**

The accounting policies and notes on pages 8 to 13 form part of these financial statements

**BUPA CARE HOMES (CFG) PLC**

**COMPANY CASH FLOW STATEMENT**  
**for the period ended 30 June 2007**

	Note	1 January to 30 June 2007 £'000	Year ended 31 December 2006 £'000
<b>Net cash inflow from operating activities</b>	13	-	868
Returns on investment and servicing of finance	13	<u>(2,950)</u>	<u>11,700</u>
Cash inflow before financing		(2,950)	12,568
Financing	13	<u>-</u>	<u>(12,821)</u>
<b>Decrease in cash</b>	14	<u>(2,950)</u>	<u>(253)</u>

**BUPA CARE HOMES (CFG) PLC**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**for the period ended 30 June 2007**

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
<b>Profit/Loss for the financial period and net reduction to shareholders' funds</b>	134,745	(2,512)
Opening shareholders' funds	<u>152,614</u>	<u>155,126</u>
<b>Closing shareholders' funds</b>	<u>287,359</u>	<u>152,614</u>



## BUPA CARE HOMES (CFG) PLC

### NOTES TO THE COMPANY FINANCIAL STATEMENTS for the period ended 30 June 2007

#### 1. STATEMENT OF ACCOUNTING POLICIES

##### (a) Significant accounting policies

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

##### Accounting conventions

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

##### (b) Taxation including deferred taxation

The charge for taxation is based on the result for the period 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 exception:

- 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.

##### (c) Investments

Investments are carried at cost less provision for impairment in value.

#### 2. STAFF COSTS AND DIRECTORS' REMUNERATION

The emoluments of the Directors are borne entirely by other Group companies. The Company has no other employee costs during the period.

#### 3. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	1 January to 30 June 2007 £'000	Year ended 31 December 2006 £'000
Dividends receivable from group companies	136,200	-

**BUPA CARE HOMES (CFG) PLC**

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
for the period ended 30 June 2007**

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>1 January to 30 June 2007 £'000</b>	<b>Year ended 31 December 2006 £'000</b>
Loan	<u>10,458</u>	<u>17,600</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1 January to 30 June 2007 £'000</b>	<b>Year ended 31 December 2006 £'000</b>
Loan note	2,950	5,900
Loan from Group undertaking	<u>9,875</u>	<u>15,283</u>
	<u>12,825</u>	<u>21,183</u>

**6. TAX ON LOSS ON ORDINARY ACTIVITIES**

**(i) Analysis of tax credit in the period**

	<b>1 January to 30 June 2007 £'000</b>	<b>Year ended 31 December 2006 £'000</b>
Current tax		
UK corporation tax on profit/loss for the period	(623)	(1,193)
Adjustments in respect of prior periods	<u>-</u>	<u>-</u>
Total current tax	(623)	(1,193)
Deferred tax		
Origination and reversal of timing differences	<u>-</u>	<u>117</u>
Tax on profit on ordinary activities	<u>(623)</u>	<u>(1,076)</u>

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

The tax charge for the period is lower than the standard rate of corporation tax in the UK of 30%. The differences are explained below

	<b>1 January to 30 June 2007 £'000</b>	<b>Year ended 31 December 2006 £'000</b>
Profit / (loss) on ordinary activities before tax	<u>134,122</u>	<u>(3,588)</u>
Tax credit / (charge) on profit on ordinary activities at 30%	40,237	(1,076)
Effect of		
Dividends receivable from UK group companies	(40,860)	-
Deferred tax on short-term and other timing differences	<u>-</u>	<u>(117)</u>
	<u>(623)</u>	<u>(1,193)</u>

# BUPA CARE HOMES (CFG) PLC

## NOTES TO THE COMPANY FINANCIAL STATEMENTS for the period ended 30 June 2007

### 7. INVESTMENTS

	Shares in subsidiary undertakings £'000	Loans to subsidiary undertakings £'000	Other investments £'000	Total £'000
<b>Cost</b>				
At 31 December 2006 and 30 June 2007	154,924	52,000	23,155	230,079
<b>Provision</b>				
At 31 December 2006 and 30 June 2007	(4,590)	-	-	(4,590)
<b>Net book value at 30 June 2007</b>	<b>150,334</b>	<b>52,000</b>	<b>23,155</b>	<b>255,489</b>
Net book value at 31 December 2006	150,334	52,000	23,155	225,489

At 30 June 2007 and at 31 December 2006, the Company owned the whole of the issued share capital of the following undertakings, either directly or indirectly, all of which operate in the United Kingdom

Name	Ordinary shares number	Nominal value £	Business activity	Place of registration
BUPA Care Homes Group Limited	50,000,000	1	Holding company of care homes operators	England and Wales
BUPA Care Homes (CFHCare) Limited*	124,999,999	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (CFCHomes) Limited *	53,368,562	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (Partnerships) Limited *	100	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (Bedfordshire) Limited	2	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (GL) Limited *	22,296,637	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (BNH) Limited *	157	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (AKW) Limited	1	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (Carrick) Limited	151,000	1	Owner and operator of care homes	Scotland
Crispins Nursing Homes Limited	1,000	1	Owner and operator of care homes	England and Wales
BUPA Care Homes (Developments) Limited	2,200,000	1	Developer of care homes	England and Wales
Surgichem Limited	100,000	1	Manufacturer and distributor of monitored drug dosage systems	England and Wales
Kyle Building Services Limited *	100	1	Developer of care homes	Scotland

\* Investment held by subsidiary undertaking

In addition to the companies listed above, the Company either directly or indirectly owns a number of non-trading subsidiary companies. Subsidiary undertakings are included at cost less provisions

**BUPA CARE HOMES (CFG) PLC**

**NOTES TO THE COMPANY FINANCIAL STATEMENTS**  
for the period ended 30 June 2007

**8 DEBTORS**

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
<b>Amounts falling due within one year:</b>		
Amounts owed by Group undertakings	<u>236,012</u>	<u>216,358</u>
<b>Amounts falling due after one year:</b>		
Amounts owed by Group undertakings	<u>155,412</u>	<u>155,412</u>

The amounts falling due after one year owed by Group undertakings include loans issued on 18 February 2000 to BUPA Investments Limited. The loans are repayable in 2030 and bear interest at 6.4% per annum.

**9 CREDITORS – amounts falling due within one year**

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
Bank loans and overdraft	3,144	194
Amounts owed to Group undertakings	197,004	317,098
Accruals and deferred income	<u>-</u>	<u>289</u>
	<u>200,148</u>	<u>317,581</u>

**10. CREDITORS – amounts falling due after more than one year**

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
11.8% debenture stock	50,000	50,000
Amounts owed to Group undertakings	<u>79,406</u>	<u>77,064</u>
	<u>129,406</u>	<u>127,064</u>
<b>Loans are repayable as follows:</b>		
In five years or more	<u>50,000</u>	<u>50,000</u>

The 11.8% debenture stock is repayable at par in 2014. The stock is secured by a fixed charge over certain of the Group's assets and a first floating charge over the businesses attached thereto and a general floating charge over the remainder of the assets of the Company and BUPA Care Homes (CFHCare) Limited.

**BUPA CARE HOMES (CFG) PLC**

**NOTES TO THE COMPANY FINANCIAL STATEMENTS  
for the period ended 30 June 2007**

**11. SHARE CAPITAL**

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
<b>Authorised</b>		
<b>Equity interests</b>		
220,000,000 ordinary shares of 25 pence each	<u>55,000</u>	<u>55,000</u>

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
<b>Allotted, called-up and fully paid</b>		
<b>Equity interests</b>		
162,213,958 ordinary shares of 25 pence each	<u>40,553</u>	<u>40,553</u>

**12 RESERVES**

	<b>Share premium account £'000</b>	<b>Capital redemption reserve fund £'000</b>	<b>Profit and loss account £'000</b>
At 1 January 2007	114,141	2,110	(4,190)
Profit for the financial period	<u>-</u>	<u>-</u>	<u>134,745</u>
At 30 June 2007	<u>141,141</u>	<u>2,110</u>	<u>130,555</u>

**BUPA CARE HOMES (CFG) PLC****NOTES TO THE COMPANY FINANCIAL STATEMENTS  
for the period ended 30 June 2007****13 ANALYSIS OF CASH FLOW**

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
<b>Reconciliation of operating loss to net cash outflow from operating activities</b>		
Operating profit / loss	289	(5)
(Increase)/Decrease in working capital		
Other debtors	-	896
Accruals and deferred income	(289)	(23)
Net cash inflow from operations	<u>-</u>	<u>868</u>
<b>Returns on investments and servicing of finance</b>		
Interest received	-	17,600
Interest paid	(2,950)	(5,900)
	<u>(2,950)</u>	<u>11,700</u>
<b>Financing</b>		
Loan to fellow Group undertaking	-	(97,752)
Borrowing from fellow Group undertakings	-	84,931
	<u>-</u>	<u>(12,821)</u>

Cash comprise cash at bank and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

**14 ANALYSIS AND RECONCILIATION OF NET DEBT**

	<b>30 June 2007 £'000</b>	<b>31 December 2006 £'000</b>
Decrease in cash	(2,950)	(253)
Cash at beginning of period	<u>(194)</u>	<u>59</u>
Cash at the end of period	<u>(3,144)</u>	<u>(194)</u>