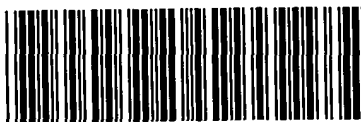


Bupa Care Homes (CFG) plc
(Registered No. 1969735)
Annual report and financial statements
for the year ended
31 December 2014

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Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

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Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

Directors' report

The directors present their annual report and the financial statements of Bupa Care Homes (CFG) plc ("the Company") for the year ended 31 December 2014.

1. Directors

The directors who served during the year and subsequently were as follows:

J S Picken	appointed	1 July 2014
G Pueyo Roberts	resigned	2 February 2015
R T Bowden	resigned	1 July 2014
A M Peeler	resigned	1 July 2014
S M Los	resigned	1 July 2014
A J Cannon		
K Moore		
C A Jaureguizar Ruiz-Jarabo	appointed	2 February 2015

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 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.

3. Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the directors, to the extent permitted by law and the Company's Articles of Association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the Company or any of its subsidiaries.

4. Political and charitable contributions

The Group made no political or charitable donations or incurred any political expenditure during the year (2013: £nil)

5. 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.

6. Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Registered Office:

Bridge House
Outwood Lane
Horsforth
Leeds
LS18 4UP

By order of the board



K Moore
Director

30 April 2015

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014
Strategic report

Principal activities

The principal activity of the Company is that of the ownership of companies that are engaged in the operation of care homes for the elderly. The Company, together with fellow subsidiary undertakings of the ultimate parent undertaking Bupa, with similar activities, form Bupa Care Homes.

Key performance indicators

The Company and its subsidiaries delivered good performance and underlying profit in the UK, despite challenging market conditions. This growth was partly offset by higher care home running costs and continued pressure on care homes fee rates.

Business model

Bupa Care Homes is a leading care homes operator in the UK providing nursing and residential care to more than 17,000 residents in over 280 homes of which 74% are funded wholly or partly by the public sector through local authorities (LAs) and Clinical Commissioning Groups (CQC).

Bupa Care Homes is focused on meeting the changing healthcare needs and concerns of its customers and society by developing innovative products and services and campaigning to make healthcare more affordable and accessible to deliver better value for money. Bupa Care Homes is committed to partnering with the NHS where its expertise can benefit patients and the public health system. Bupa Care Homes has developed a pioneering intermediate care service with Central Manchester University Hospital Foundation Trust at the Gorton Parks care home in Eccles. In 2014, the service had over 300 admissions, helping people back to good health without the need for a long hospital stay. This service frees up NHS resources and provides individuals with the opportunity to choose the care setting that is right for them. Bupa Care Homes continues to address the health and care needs of the UK's growing ageing population by investing in developing new and innovative facilities for older people and refurbishing the existing portfolio.

Bupa Care Homes saved more than £1.5 million in energy costs as a part of the drive to reduce the carbon footprint with investment of over £13m in low carbon technologies. Bupa Care Homes has more Combined Heat and Power units (CHPs) in the portfolio than any other company in the UK and have installed over 24,000 LED fittings as well as many solar panels. Together, these are projected to avoid over 5000 tons of carbon emission and have already saved over £1m in energy expenditure compared to 2013.

Bupa Care Homes has experienced a heightened regulatory environment and awareness following the increasing public and media scrutiny in relation to Care Homes. The CQC has introduced new regulations and Central Care plans from 1 October 2014. In addition, there are increasing signs of public sector bodies demanding alignment with Living Wage from suppliers whilst already failing to pay an appropriate fee for care. Shortage of qualified care staff is becoming increasingly acute and other operating costs continue to be impacted by inflation, particularly property related and catering costs.

Bupa Care Homes created the mandatory training programme created for use in the business continues to be successfully delivered and refreshed where appropriate by a team of Area Trainers. This mandatory training compliance for all staff is currently being maintained at above 90%. In addition, the Business Services functions of Bupa carries on to streamline back office facilities in the UK. Bupa Care Homes aims to have an extraordinary culture and organisation, with people healthier because they work at Bupa and with the people making a positive impact in their communities. The number of employees taking part in the annual Global People Survey (GPS) increased to 78% from 76% in 2013. It showed the employee engagement to be 59%. Following the roll out of the company-wide leadership programme, 'Bupa Leaders Are', a Leadership Index1 score of 62% was achieved. Employees have access to Business Fit, as part of the commitment to helping them feel healthier for working at Bupa. Business Fit offers early intervention services to speed up access to diagnosis and treatment and physiotherapy for muscle, bone and joint conditions. It also provides fast, direct self-referral for mental health conditions and access to Bupa Anytime Healthline for round-the-clock medical advice from a nurse or GP.

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014
Strategic report (continued)

Future development

The focus in 2015 is on growth through making private healthcare more accessible and affordable for more people in the UK. This will be achieved by focusing on operational efficiency, leading sector reform to deliver better value and innovating to meet changing customer needs. There will be the launch of a three year investment programme to address some of the UK's toughest healthcare challenges. This will include;

- Investing in the care homes business, with a focus on dementia care and developing the portfolio.
- The development of new products, services and online tools to respond to the customers changing needs.
- Engaging more people in their health and wellbeing and funding projects to reduce the carbon footprint, as it is recognised that good health and the environment are interdependent.

Bupa Care Homes will work with Government and other key parties to clarify and enable the implementation of the Care Act to ensure it results in improved care outcomes for residents.

In 2015 Bupa will be launching The Bupa UK Foundation. This will be a company limited by guarantee and a charity registered by the Charity Commission. The Bupa UK Foundation will be entirely funded by Bupa, and will provide funding to organisations and individuals whose work aims to tackle critical challenges in health and social care, and improve people's health and wellbeing.

Business review and results

Results

The surplus for the year, after taxation, amounted to £12,431,000 (2013: £9,877,000). The Company has net assets of £243,505,000 (2013: £231,074,000).

Dividends

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 (2013: interim dividend of £89,500 per £1 ordinary share amounting to £8,950,000).

Principle risk 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 Bupa Group's annual report and accounts, which does not form part of this report.

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 Bupa Group's annual report and accounts, which does not form part of this report.

Registered Office:

Bridge House
Outwood Lane
Horsforth
Leeds
West Yorkshire
LS18 4UP



K Moore
Director

30 April 2015

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

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

The directors are responsible for preparing the directors' report, strategic 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 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 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.

Directors' responsibility statement

We confirm to the best of our knowledge:

1. the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the strategic report includes the development and performance of the business and the position of the Company and the undertaking included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and

the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Company's performance, business model and strategy.



K Moore
Director
30 April 2015

Independent auditor's report to the members of Bupa Care Homes (CFG) plc

We have audited the financial statements of Bupa Care Homes (CFG) plc for the year ended 31 December 2014 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is the 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, strategic report and financial statements set out on page 4, 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 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 Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

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 2014 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 strategic report and 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 directors' 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 LLP
Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street, Leeds
West Yorkshire, LS1 4DW
30 April 2015

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

Profit and loss account

	Note	2014 £'000	2013 £'000
Income from shares in Group undertakings	3	-	8,881
Profit on disposal of discontinued business		11,558	-
Other interest receivable and similar income	4	5,631	7,947
Interest payable and similar charges	5	(4,519)	(6,649)
Profit on ordinary activities before taxation	6	12,670	10,179
Taxation on profit on ordinary activities	7	(239)	(302)
Profit for the year		12,431	9,877

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

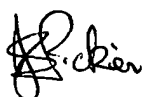
There were no material differences between reported profit and loss and historical profit and loss on ordinary activities before and after taxation.

Bupa Care Homes (CFG) plc
Financial statements

Balance sheet
as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Investments	8	109,200	84,243
Current assets			
Debtors due after one year	9	266,267	285,116
Cash		1,829	-
		268,096	285,116
Creditors: amounts falling due within one year	10	(295)	(50,302)
Net current assets		267,801	234,814
Total assets less current liabilities		377,001	319,057
Creditors: amounts falling due after more than one year	11	(133,496)	(87,983)
Net assets		243,505	231,074
Shareholders' funds			
Called up share capital	12	40,553	40,553
Share premium account	13	114,141	114,141
Capital redemption reserve	13	2,110	2,110
Profit and loss account	13	86,701	74,270
Shareholders' funds	14	243,505	231,074

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



J S Picken
Director
30 April 2015

Registered number: 1969735

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 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) Taxation including 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 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.

(f) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

Notes to the financial statements

1. Immediate and ultimate parent company

The immediate parent undertaking of the Company is Grupo Bupa Sanitas S.L.U., a company incorporated in Spain.

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. Staff costs and directors' remuneration

The emoluments of the directors are borne entirely by the other Bupa Group companies and are disclosed in the financial statements of those companies. The Company had no other employee costs during the current or preceding year.

3. Income from shares in Group undertakings

	2014	2013
	£'000	£'000
Ordinary dividends from Greenacre Group Limited	-	8,881
	-	8,881

4. Other interest receivable and similar income

	2014	2013
	£'000	£'000
Group undertakings	5,631	7,947

5. Interest payable and similar charges

	2014	2013
	£'000	£'000
Banks loans and overdrafts	2,950	5,900
Group undertaking	1,569	749
	4,519	6,649

Notes to the financial statements (continued)

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2014	2013
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	2	2

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 LLP, 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

	2014	2013
	£'000	£'000
Current tax		
UK corporation tax on profit for the year	239	302
Total tax on profit on ordinary activities	239	302

(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:

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation	12,670	10,179
Tax on profit on ordinary activities at standard UK corporation tax rate of 21.5 % (2013: 23.25%)	2,724	2,367
Effects of:		
Non-taxable items	(2,485)	(2,065)
Total current tax charge for year	239	302

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

Notes to the financial statements (continued)

8. Investments

	Shares in subsidiary undertaking £'000
Cost	
At 1 January 2014	156,909
Additions	25,000
Disposals	(22,708)
At 31 December 2014	159,201
Provisions for impairment	
At 1 January 2014	72,666
Disposal	(22,665)
At 31 December 2014	50,001
Net book value	
At 31 December 2014	109,200
At 31 December 2013	84,243

	Holding %	Class of Shares	Country of incorporation
Bupa Care Homes Group Limited	100	Ordinary	England and Wales
Bupa Care Homes (CFHCare) Limited*	100	Ordinary	England and Wales
Bupa Care Homes (CFCHomes) Limited*	100	Ordinary	England and Wales
Bupa Care Homes (Partnerships) Limited*	100	Ordinary	England and Wales
Bupa Care Homes (Bedfordshire) Limited	100	Ordinary	England and Wales
Bupa Care Homes (GL) Limited*	100	Ordinary	England and Wales
Bupa Care Homes (BNH) Limited*	100	Ordinary	England and Wales
Bupa Care Homes (Developments) Limited	100	Ordinary	England and Wales

* Investment held by subsidiary undertaking

During the year the Company sold the entire investment in Surgichem limited.

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
Financial statements
Year ended 31 December 2014

Notes to the financial statements (continued)

9. Debtors

	2014	2013
	£'000	£'000
Amounts falling due after one year:		
Amounts owed by Group undertakings	266,267	285,116

Amounts falling due after one year comprise:

				2014	2013
Group undertakings	Date Issued	Repayment date	Interest rate	£'000	£'000
Bupa Care Homes (BNH) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	-	16,345
Bupa Care Homes (GL) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	3,598	2,349
Bupa Care Homes Group Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	97,031	95,380
Bupa Care Homes (CFCHomes) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	55,514	52,787
Bupa Care Homes (CFHCare) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	110,124	117,768
Bupa Care Homes (Partnerships) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	-	487
				266,267	285,116

10. Creditors – amounts falling due within one year

	2014	2013
	£'000	£'000
11.8% debenture stock	-	50,000
Amounts owed to Group undertakings	295	302
	295	50,302

The 11.8% debenture stock was repaid at par on 30 June 2014.

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

Notes to the financial statements (continued)

11. Creditors – amounts falling after more than one year

				2014	2013
				£'000	£'000
Amounts owed to Group undertakings				133,496	87,983
Group undertakings	Date Issued	Repayment date	Interest rate	2014	2013
				£'000	£'000
Bupa Finance Plc	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	121,210	9,573
Bupa Care Homes (Bedfordshire) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	5,593	6,171
Bupa Care Homes (Partnerships) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	338	-
Bupa Care Homes (BNH) Homes Limited	14 May 2014	14 May 2024	110 basis points over six-month LIBOR	6,355	-
Bupa Care Homes (CFHCare) Limited	12 December 2013	12 December 2023	110 basis points over six-month LIBOR	-	3
Bupa Treasury Investments Limited Partnership	1 November 2011			-	72,236
				133,496	87,983

12. Called up share capital

	2014	2013
	£'000	£'000
Allotted, called up and fully paid		
162,213,958 (2013: 162,213,958) ordinary shares of 25 pence each	40,553	40,553

13. Reserves

	Share premium account	Capital redemption reserve fund	Profit and loss account
	£'000	£'000	£'000
At 1 January 2014	114,141	2,110	74,270
Profit for the year	-	-	12,431
At 31 December 2014	114,141	2,110	86,701

14. Reconciliation of movements in shareholders' funds

	2014	2013
	£'000	£'000
Profit for the year and net addition to shareholders' funds	12,431	9,877
Opening shareholders' funds	231,074	221,197
Closing shareholders' funds	243,505	231,074

Bupa Care Homes (CFG) plc
Financial statements
Year ended 31 December 2014

Notes to the financial statements (continued)

15. Contingent liabilities, guarantees and other financial commitments

(i) Contingent liabilities

At 31 December 2014, the Company was party to a £900m revolving credit facility. The Company has joint and several liability for all obligations under the agreement.

(ii) Guarantees

The Company has given a guarantee in respect of a £350million bond issue by Bupa Finance plc.