

**Bupa Care Homes (BNH) Limited**  
(Registered number 2079932)  
**Directors' report and financial statements**  
for the year ended  
**31 December 2010**

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**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**Contents**

	<b>Page</b>
Directors' report	1
Statement of Directors' responsibilities	5
Independent auditors' report to the members of Bupa Care Homes (BNH) Limited	6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Accounting policies	10
Notes to the financial statements	12

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**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**Directors' report**

The Directors present their annual report and the financial statements of Bupa Care Homes (BNH) Limited ("the Company") for the year ended 31 December 2010

**1. Principal activities**

The principal activity 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 undertaking, The British United Provident Association Limited (Bupa), with similar activities form Bupa Care Homes.

**2. Business review**

The directors consider the performance of the company during the year to be satisfactory.

**Results**

The loss for the year, after taxation, amounted to £1,027,000 (2009 £22,718,000 profit). The Company had net assets of £51,166,000 (2009 £49,851,000).

**Dividends**

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2010 (2009 £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.

	2010	2009	Analysis
Revenue (£'000)	72,521	71,551	Revenue has increased due to the annual fee increase for each resident.
Operating profit (£'000)	5,771	8,616	Operating profit has decreased primarily due to the loss on revaluation and the increase in operating lease rental of properties.
Occupancy percentage (%)	86.9	85.2	Occupancy has improved despite public authority funding restrictions.
Available beds	1,770	1,779	The strategy is to provide an enhanced environment for our residents.

*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

Bupa Care Homes is actively contributing to the UK government's Commission on Social Care Funding in England, which is focused on delivering a new, sustainable funding system that will meet the demands of the growing number of older people in England and is due to report in the second half of 2011. The business also submitted responses to consultations in a number of other areas including the National Institute for Health and Clinical Excellence (NICE) on quality standards for dementia and the Care Quality Commission on its plans for 2010-2015.

Throughout the year, Bupa Care Homes demonstrated its commitment to investing in the training and development of its staff. The business launched its 'Person First, Dementia Second' specialist training programme and over 2,000 employees were trained to deliver high quality end of life care, through Bupa Care Services' partnership with the Marie Curie Institute of Palliative Care. Bupa Care Homes continues to remain committed to developing its portfolio of care homes by refurbishing homes to provide the best possible environment for care.

The investment in its workforce resulted in the business securing a number of awards, including 'Daily Mail Care Home Carer of the Year' and 'Outstanding Dementia Care Support Worker' at the National Dementia Care Awards. The quality of Bupa Care Home's care was also recognised by its highest ever resident satisfaction levels, with 94% rating the quality of care they receive as 'excellent' or 'very good'.

***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. The impact of both the Comprehensive Spending Review and White Paper on Health produced uncertainty within local government and the NHS, impacting fees and referrals. In this environment, Bupa Care Homes focused on managing occupancy and costs to maintain profitability. Bupa Care Homes will maintain this focus on care homes operations, resident satisfaction and staffing efficiencies, and continue to develop a clear leadership position in dementia care.

Bupa Care Homes has a strong business in a high demand sector. The focus on innovation and quality and its leadership in aged care will continue to differentiate the Company and foster growth.

***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.

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

The ultimate parent undertaking, The British United Provident Association Limited, 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.

**Directors' report (continued)**

**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		
N T Beazley		
M P Elliott		
T Fletcher		
F D Gregory	resigned	21 June 2010
M A Merchant		
N R Taylor		
T J Seal		
O H D Thomas		
S M Los	appointed	21 June 2010

**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 and remuneration**

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

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.

The Company is committed to providing equal opportunities to employees. 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. Political and charitable contributions**

The Company made no political or charitable donations during the year (2009 £nil)

**8. 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 they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**Directors' report (continued)**

**9. Auditors**

Pursuant to section 487 of the Companies Act 2006, the auditors 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

A handwritten signature in black ink, consisting of a series of loops and a final flourish.

M Ellerby  
**Director**

15 March 2011

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**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**Statement of Directors' responsibilities**

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



KPMG Audit Plc  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

### **Independent auditors' report to the members of Bupa Care Homes (BNH) Limited**

We have audited the financial statements of Bupa Care Homes (BNH) Limited for the year ended 31 December 2010 set out on pages 7 to 19. 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 auditors**

As explained more fully in the Directors' Responsibilities Statement 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 2010 and of its loss 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 and 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 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 Audit plc

Statutory Auditor  
Chartered Accountants  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

15 March 2011



**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**Profit and loss account**

	Note	2010 £'000	2009 £'000
Turnover		72,521	71,551
Operating expenses	2	(66,750)	(62,935)
<b>Operating profit</b>		<b>5,771</b>	<b>8,616</b>
Amounts written off investments		(8,474)	(995)
Income from shares in group undertakings	4	3,838	18,430
Other interest receivable and similar income	5	64	438
Interest payable and similar charges	6	-	(571)
<b>Profit on ordinary activities before taxation</b>	<b>7</b>	<b>1,199</b>	<b>25,918</b>
Tax on profit on ordinary activities	8	(2,226)	(3,200)
<b>(Loss)/Profit for the year</b>		<b>(1,027)</b>	<b>22,718</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 19 form part of these financial statements

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**Statement of total recognised gains and losses**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/Profit for the year	(1,027)	22,718
Unrealised surplus on revaluation of properties	2,342	-
<b>Total gains and losses recognised since last annual report and financial statements</b>	<b>1,315</b>	<b>22,718</b>

The accounting policies and notes on pages 10 to 19 form part of these financial statements

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

**Balance sheet**  
**as at 31 December 2010**

	Note	2010 £'000	2009 £'000
<b>Fixed assets</b>			
Tangible assets	9	49,491	45,782
Investments	10	-	8,474
		<b>49,491</b>	<b>54,256</b>
<b>Current assets</b>			
Debtors	11	9,525	3,072
Cash at bank and in hand		1,665	1,903
<b>Net current assets</b>		<b>11,190</b>	<b>4,975</b>
<b>Total assets less current liabilities</b>		<b>60,681</b>	<b>59,231</b>
<b>Creditors: amounts falling due after more than one year</b>	12	<b>(8,752)</b>	<b>(8,752)</b>
<b>Provisions for liabilities</b>	13	<b>(763)</b>	<b>(628)</b>
<b>Net assets</b>		<b>51,166</b>	<b>49,851</b>
<b>Shareholders' funds</b>			
Called up share capital	15	-	-
Share premium account	16	4,614	4,614
Capital reserve	16	593	593
Revaluation reserve	16	3,771	1,429
Profit and loss account	16	42,188	43,215
<b>Shareholders' funds</b>		<b>51,166</b>	<b>49,851</b>

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



**S P Reiter**  
**Director**  
15 March 2011

Registered number 2079932

The accounting policies and notes on pages 10 to 19 form part of these financial statements

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**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.

Losses claimed from other Group undertakings are claimed on a full payment basis.

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**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 improvements	Term of the lease
Fixtures, fittings and equipment	3 to 50 years

**(h) Leases**

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

**(i) Pensions**

**(i) Defined benefit pension schemes**

The ultimate holding company, Bupa, operates a group defined benefit pension scheme, The Bupa Pension Scheme, providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of Bupa in independently administered funds.

The Company participates in The Bupa Pension Scheme. As no agreement exists to allocate pension scheme assets and liabilities between Bupa Group companies, Financial Reporting Standard 17 Retirement Benefits (FRS 17) permits those Bupa Group companies to account for their pension costs as if the Company participates in a defined contribution pension scheme. Therefore, the cost of the pension contributions made to the scheme are recognised within the profit and loss account.

**(ii) Defined contribution pension schemes**

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the profit and loss account as incurred.

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**Notes to the financial statements**

**1. Immediate and ultimate parent company**

The immediate parent undertaking of the Company is Bupa Care Homes Group Limited, 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, a company incorporated in England and Wales. The smallest group into which these financial statements are consolidated is that headed by Bupa Care Homes (CFG) 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>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Staff costs	36,874	36,247
Other operating expenses	29,876	26,688
	<b>66,750</b>	<b>62,935</b>

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

**(i) Staff costs**

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

	<b>2010</b>	<b>2009</b>
Health care	2,026	1,990

Their aggregate remuneration comprised

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	34,064	33,382
Social security costs	2,557	2,611
Other pension costs	253	254
	<b>36,874</b>	<b>36,247</b>

**(ii) Directors' remuneration**

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

**4. Income from shares in group undertakings**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Ordinary dividend from		
Bupa Care Homes (BNHP) Limited	7	18,430
Bupa Nursing Homes (1997) Limited	3,689	-
CHG Homes Limited	142	-
	<b>3,838</b>	<b>18,430</b>

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

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

**5. Other interest receivable and similar income**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Group undertakings	36	438
Bank	28	-
	<b>64</b>	<b>438</b>

**6. Interest payable and similar charges**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Group undertakings	-	571

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

Profit on ordinary activities before taxation is stated after charging

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of tangible fixed assets		
- owned	2,152	2,235
- leased	91	98
Impairment of tangible fixed assets		
- owned	-	400
Loss on revaluation	1,353	-
Amounts written off investments	8,474	995
Operating lease rentals		
- land and buildings	11,535	9,862
- plant and machinery	62	104
Fees payable to the Company's auditors for the audit of the Company's annual accounts	15	12

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

Fees paid to the Company's auditors, 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.

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

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

**8. Tax on profit on ordinary activities**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax on profit for the year	2,115	2,799
Adjustments in respect of prior periods	(39)	429
<b>Total current tax</b>	<b>2,076</b>	<b>3,228</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	152	(9)
Change in tax rates	(19)	-
Adjustments in respect of prior periods	17	(19)
<b>Total deferred tax</b>	<b>150</b>	<b>(28)</b>
<b>Total tax on profit on ordinary activities</b>	<b>2,226</b>	<b>3,200</b>

**(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>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit on ordinary activities before taxation</b>	<b>1,199</b>	<b>25,918</b>
<b>Tax on profit on ordinary activities at standard UK corporation tax rate of 28 % (2009 28%)</b>	<b>336</b>	<b>7,257</b>
<b>Effects of</b>		
Change in tax rates	(6)	-
Expenses not deductible for tax purposes	3,012	689
Dividends receivable from Group Companies	(1,075)	(5,160)
Transfer pricing adjustment	-	4
Accelerated capital allowances	247	9
Deferred tax on short-term and other timing differences	(399)	-
Adjustments to tax in respect of prior periods	(39)	429
<b>Total current tax charge for year</b>	<b>2,076</b>	<b>3,228</b>

The amount of deferred tax that has not been provided on re-valued fixed assets and fixed assets subject to rollover relief is £2,614,000 (2009 £2,722,000). At present, it is not envisaged that any such tax will become payable in the foreseeable future.



**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

**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 2010	38,403	28,430	66,833
Additions	566	4,397	4,963
Revaluation	(979)	-	(979)
<b>At 31 December 2010</b>	<b>37,990</b>	<b>32,827</b>	<b>70,817</b>
<b>Depreciation</b>			
At 1 January 2010	1,716	19,335	21,051
Charge for the year	536	1,707	2,243
Adjustments on revaluation	(1,968)	-	(1,968)
<b>At 31 December 2010</b>	<b>284</b>	<b>21,042</b>	<b>21,326</b>
<b>Net Book Value</b>			
At 31 December 2010	37,706	11,785	49,491
<b>At 31 December 2009</b>	<b>36,687</b>	<b>9,095</b>	<b>45,782</b>
<b>Leased assets included above:</b>			
<b>Net Book Value</b>			
At 31 December 2010	4,359	-	4,359
<b>At 31 December 2009</b>	<b>4,320</b>	<b>-</b>	<b>4,320</b>

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 has been made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations were incorporated into the balance sheet at 31 December 2010. Other tangible assets are stated at cost.

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

	2010 £'000	2009 £'000
At open market value	36,292	4,620
At cost	1,698	33,783
Aggregate depreciation thereon	(284)	(1,716)
	<b>37,706</b>	<b>36,687</b>

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

	2010 £'000	2009 £'000
Historical cost of revalued assets	37,984	37,475
Depreciation based on historical cost	(2,805)	(2,056)
<b>Historical cost net book value</b>	<b>35,179</b>	<b>35,419</b>

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

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

**10. Investments**

	£'000
Interests in subsidiary undertakings	
<b>Cost</b>	
At 1 January 2010 and 31 December 2010	10,734
<b>Provisions for impairment</b>	
At 1 January 2010	2,260
Charge for the year	8,474
<b>At end of year</b>	<b>10,734</b>
<b>Net book value</b>	
At 31 December 2010	-
At 31 December 2009	8,474

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 undertakings of the Company are listed below, all of which are wholly owned and incorporated in England and Wales

	<b>Class of share</b>
Bupa Care Homes (BNHP) Limited	Ordinary
Bupa Nursing Homes (1997) Limited	Ordinary
CHG Homes Limited	Ordinary

Bupa Nursing Homes (1997) Limited and CHG Home Limited were dissolved in January 2011

**11. Debtors**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments and accrued income	2,884	2,885
Amounts owed by Group undertakings	6,641	187
	<b>9,525</b>	<b>3,072</b>

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

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Loans from Group undertakings	8,752	8,752

The amount owed to Group undertaking due after more than one year relates to

				<b>2010</b>	<b>2009</b>
				<b>£'000</b>	<b>£'000</b>
<b>Group undertakings</b>	<b>Date Issued</b>	<b>Repayment date</b>	<b>Interest rate</b>		
Country House Homes Limited	31 December 2007	No fixed repayment date	Nil	8,752	8,752

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

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

**13 Provisions for liabilities**

	Deferred taxation £'000	Onerous Lease £'000	Total £'000
At 1 January 2010	507	121	628
Provided in the year	150	-	150
Utilised in the year	-	(15)	(15)
<b>At 31 December 2010</b>	<b>657</b>	<b>106</b>	<b>763</b>

The onerous lease relates to a property in Woking, Surrey

**14. Deferred tax**

Deferred tax liability is analysed as follows

	2010 £'000	2009 £'000
Accelerated capital allowances	657	507

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

	£'000
At 1 January 2010	507
Charged for year	150
<b>At 31 December 2010</b>	<b>657</b>

The net deferred tax liability is included within provisions for liabilities

**15. Called up share capital**

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
157 ordinary shares of £1 each	-	-
157 preferred shares of US \$1 each	-	-
	-	-

**16. Reserves**

	Share premium account £'000	Capital Reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2010	4,614	593	1,429	43,215
Loss for the year	-	-	-	(1,027)
Revaluation surplus	-	-	2,342	-
<b>At 31 December 2010</b>	<b>4,614</b>	<b>593</b>	<b>3,771</b>	<b>42,188</b>

**Bupa Care Homes (BNH) Limited**  
**Financial statements**  
**Year ended 31 December 2010**

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

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
(Loss)/Profit for the year	(1,027)	22,718
Other recognised gains relating to the year (net)	2,342	-
<b>Net addition to shareholders' funds</b>	<b>1,315</b>	<b>22,718</b>
Opening shareholders' funds	49,851	27,133
<b>Closing shareholders' funds</b>	<b>51,166</b>	<b>49,851</b>

**18. Contingent liabilities, guarantees 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) Guarantees**

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements, in respect of the overdraft of certain other Group undertakings

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

A charge is held over £1,665,000 as security over future operating rental payments due to Bupa LeaseCo (Guernsey) Limited

**(iii) Financial commitments**

Annual commitments on non-cancellable operating leases are as follows

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Land and buildings		
Expiry date		
- after five years	11,579	11,579

The company has no outstanding capital commitments at the end of either year

**19. Pensions**

The Bupa Group operates defined benefit and defined contribution pension schemes for the benefit of staff. Employees of the Company are members of this scheme. 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 comprising the current service cost calculated on the projected unit method, interest cost on plan liabilities, less the expected return on plan assets, and gains and losses on curtailments.

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 2008. The attained age method was used in the 2008 triennial valuation. On the basis of this valuation the independent actuary recommends the rate of contributions.

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

**19. Pensions (continued)**

The Bupa Pension Scheme was valued as at 31 December 2010 under the requirements of International Accounting Standard number 19 Employee Benefits (IAS 19) as the Group prepares its consolidated financial statements under International Financial Reporting Standards. This valuation showed a surplus before deferred tax of £120.6m (2009 £24.9m) with assets of £967.9m (2009 £855.7m) and liabilities of £847.3m (2009 £830.8m), which would not be materially different from a valuation performed under the requirements of Financial Reporting Standard number 17 Retirement benefits (FRS 17). It is not possible to identify the Company's share of this deficit on a consistent and reliable basis, therefore, as permitted by FRS 17, the pension contributions paid by the Company relating to this scheme are charged to the profit and loss account of the Company.

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

In accordance with the triennial valuation dated 1 July 2008, regular employer contributions increased from 1 July 2009 to 31.9% of pensionable salaries. Prior to July 2009, regular employer contributions were paid at the rate of 26.34%, as recommended by the independent actuary in the triennial valuation dated 1 July 2005. Included in the employer contributions is 7.0% which represents the employer pension contributions paid as part of the Group's salary sacrifice arrangement, PeopleChoice Pensions. There is a corresponding reduction in wages and salaries as a result.

The total pension cost included in the profit and loss account amounted to £253,000 (2009 - £254,000).

The full disclosure requirements under IAS 19 are disclosed in the Annual Report and Accounts of Bupa.