

Essex Street Investments Limited
Directors' report and financial statements
for the year ended
31 December 2010

Registered Office:

**Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA**

Registered number: 2625014

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Directors' report

for the year ended 31 December 2010

The Directors present their annual report and the financial statements of Essex Street Investments Limited ("the Company") for the year ended 31 December 2010

1. Principal activities

The principal activity of the Company for the year was that of managing property improvements which are rented out to companies within the Bupa Group

2. Business review

The directors consider the development of the company to be satisfactory and do not foresee any significant changes in the forthcoming year

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006, in relation to companies subject to the small company regime

Results

The loss for the year, after taxation, amounted to £67,469 (2009 – profit £26,890) The Company had net assets of £317,626 (2009 £1,385,095)

The Company reduced its share capital during the year as part of a Group-wide capital reduction project, by cancelling the majority of its ordinary shares and converting these non-distributable reserves into distributable reserves. Upon cancellation of the shares, the company paid a dividend of £1m

Dividends

Dividends totalling £1,000,000 were paid in respect of the year ended 31 December 2010 (2009 £nil)

2. Going concern

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 financial statements

Further details regarding adoption of the going concern basis can be found in the accounting policies of the financial statements

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) **for the year ended 31 December 2010**

4. Directors

Details of the present Directors and any other persons who served as a Director during the year are set out below

S M Los	appointed	21/06/2010
F D Gregory	resigned	21/06/2010
M A Ralf	resigned	19/11/2010
M A Merchant		
N T Beazley		

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. Political and charitable contributions

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

7 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 s418 of the Companies Act 2006

8. Auditors

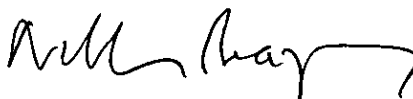
Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

Registered Office

Bupa House
15-19 Bloomsbury Way
London
WC1A 2BA

15 September 2011

By Order of the Board



N T Beazley
For and on behalf of
Bupa Secretaries Limited

Secretary

Statement of Directors' responsibilities for the year ended 31 December 2010

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 Essex Street Investments Limited

We have audited the financial statements of Essex Street Investments Limited for the year ended 31 December 2010 set out on pages 6 to 14. 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 shareholders, 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 shareholders 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 shareholders, 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 3, 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 website at 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

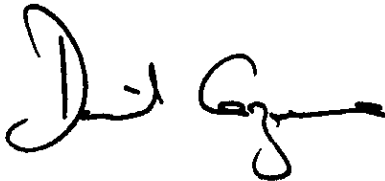
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Essex Street Investments Limited (continued)

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



**Daniel Cazeaux (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants

15 Canada Square
London
E14 5GL

15 September 2011

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover		1,118,792	968,402
Operating expenses		(1,187,269)	(1,036,804)
Operating loss		(68,477)	(68,402)
Finance charges - net	2	(29,071)	25,071
Loss on ordinary activities before taxation		(97,548)	(43,331)
Tax on loss on ordinary activities	4	30,079	70,221
(Loss)/profit for the year		(67,469)	26,890

The operating loss is all derived from continuing operations

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

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

Balance sheet

as at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	5	281,369	339,379
		281,369	339,379
Current assets			
Debtors			
- due within one year	6	279,644	7,905,802
		279,644	7,905,802
Creditors amounts falling due within one year	7	(168,708)	(6,766,733)
Net current assets		110,936	1,139,069
Total assets less current liabilities		392,305	1,478,448
Provisions for liabilities and charges	8	(74,679)	(93,353)
Net assets		317,626	1,385,095
Shareholders' funds			
Called up share capital	9	2	2,000,100
Profit and loss account	10	317,624	(615,005)
Shareholders' funds		317,626	1,385,095

These financial statements were approved by the Board of Directors on 15 September 2011 and were signed on its behalf by



S M Los
Director

Accounting policies

for the year ended 31 December 2010

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.

As the Company is a wholly owned subsidiary of The British United Provident Association Limited ("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. The consolidated financial statements of Bupa, within which this Company is included, can be obtained from the address given in note 1.

(b) Going concern

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) 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.

(d) Turnover

Turnover represents the aggregate rentals receivable in respect of operating leases on commercial properties. Turnover is stated net of VAT and other sales related taxes. All turnover arises in the United Kingdom.

Accounting policies (continued)

for the year ended 31 December 2010

(e) 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
- Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associated undertakings and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- 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) Tangible fixed assets and depreciation

Leasehold properties and other tangible assets are stated at cost. Assets are depreciated so as to write off the cost by equal instalments over their estimated economic lives, as follows,

Leasehold land and buildings	term of lease
Fixtures, fittings & equipment	10 years

(g) Leases

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

Assets held under finance leases and other similar contracts are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives

Notes to the financial statements for the year ended 31 December 2010

1. Immediate and ultimate parent company

The immediate parent undertaking of the Company is Bupa Investments 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 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. Finance charges – net

	2010 £	2009 £
Interest payable	(103,833)	(98,711)
Total interest payable	(103,833)	(98,711)
Interest receivable from Group undertakings	74,762	123,782
Total interest receivable	74,762	123,782
Finance charges - net	(29,071)	25,071

3 Loss on ordinary activities before taxation

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

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned	58,010	58,010
Rentals payable under operating leases	761,355	761,355

Auditor's remuneration

	2010 £	2009 £
Fees payable to the Company's auditors for the audit of the Company's annual accounts	6,000	6,000

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.

Notes to the financial statements (continued)

for the year ended 31 December 2010

4. Tax on loss on ordinary activities

(i) Analysis of tax charge/(credit) in the year

	2010 £	2009 £
Current tax		
UK corporation tax on loss for the year	(11,405)	(9,401)
Adjustments in respect of prior periods - UK corporation tax	-	(44,995)
Total current tax	(11,405)	(54,396)
Deferred tax		
Origination and reversal of timing differences	(15,340)	(15,825)
Changes in tax rates	(3,334)	-
Total deferred tax	(18,674)	(15,825)
Total tax on loss on ordinary activities	(30,079)	(70,221)

(ii) Factors affecting the tax charge/(credit)

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

	2010 £	2009 £
Loss on ordinary activities before taxation	(97,548)	(43,331)
Tax on loss on ordinary activities at the standard UK corporation tax rate of 28% (2009 28%)	(27,313)	(12,133)
Effects of		
Changes in tax rate	568	-
Depreciation in excess of capital allowances claimed	15,340	-
Transfer pricing adjustment	-	(13,093)
Deferred tax on short-term and other timing differences	-	15,825
Adjustments to tax credit in respect of prior periods	-	(44,995)
Total current tax charge for year	(11,405)	(54,396)

(ii) Factors that may affect future tax charge

The budget in March 2011 announced that the UK corporation tax rate will reduce to 23% over the period of 4 years from 2011. The first reduction from 28% to 27% was substantively enacted on 20 July 2010 and the second reduction from 27% to 26% was substantively enacted on 29 March 2011, both to be effective from 1 April 2011. The company's deferred tax balances have been provided for at 27%, being the rate that was substantively enacted at 31 December 2010.

Notes to the financial statements (continued)

for the year ended 31 December 2010

5. Tangible assets

	Short Leasehold Improvement 2010 £	Fixtures & Fittings 2010 £	Total 2010 £
Cost or valuation			
At beginning of year	1,347,225	108,988	1,456,213
At end of year	1,347,225	108,988	1,456,213
Depreciation			
At beginning of year	(1,007,846)	(108,988)	(1,116,834)
Charge for the year	(58,010)	-	(58,010)
At end of year	(1,065,856)	(108,988)	(1,174,844)
Net book value			
At end of year	281,369	-	281,369
At beginning of year	339,379	-	339,379

6. Debtors

	2010 £	2009 £
Amounts falling due within one year		
Prepayments and accrued income	274,169	270,078
Amounts owed by Group undertakings	-	7,631,290
Other debtors including taxation and social security	5,475	4,434
	279,644	7,905,802

7. Creditors – amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	103,833	6,766,733
Other creditors	64,875	-
	168,708	6,766,733

Notes to the financial statements (continued)

for the year ended 31 December 2010

8. Provisions for liabilities and charges

	Deferred Taxation 2010 £
At beginning of year	93,353
Charged for year	(18,674)
At end of year	74,679

Net deferred tax liability is analysed as follows

	2010 £	2009 £
Accelerated capital allowances	74,679	93,353
Deferred tax liability	74,679	93,353

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

9. Called up share capital

	2010 £	2009 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2,000,100
	2	2,000,100
Shares classified in shareholders' funds	2	2,000,100

10. Reserves

	Share premium account 2010 £	Revaluation reserve 2010 £	Profit and loss account 2010 £	Total 2010 £
At beginning of year	-	-	(615,005)	(615,005)
Loss for the year	-	-	(67,469)	(67,469)
Dividends paid	-	-	(1,000,000)	(1,000,000)
Reduction in Share Capital	-	-	2,000,098	2,000,098
At end of year	-	-	317,624	317,624

Notes to the financial statements (continued)

for the year ended 31 December 2010

11. Reconciliation of movement in shareholders' funds

	Note	2010 £	2009 £
(Loss)/profit for the year		(67,469)	26,890
Dividends paid		(1,000,000)	0
Net decrease in shareholders' funds		(1,067,469)	26,890
Opening shareholders' funds		1,385,095	1,358,205
Closing shareholders' funds		317,626	1,385,095

12. 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

(iii) Financial commitments

Annual commitments on non-cancellable operating leases are as follows

	Land and buildings 2010 £	Land and buildings 2009 £
Expiry date		
- between two and five years	761,355	761,355
	761,355	761,355