

Bupa Construction Services Limited

(Registered Number 2966483)

Directors' Report and Financial Statements

For the Year Ended 31 December 2009

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**Report of the Directors
For the year ended 31 December 2009**

The directors present their Directors' Report and the financial statements for the year ended 31 December 2009

1. Principal activity

The principal activity of the company is the provision of development and construction services

2. Review of the business

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

3. Results and dividends

The profit for the year, after taxation, amounted to £292,992 (2008 £547,611) The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008 £nil)

4. Directors

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

N T Beazley

F D Gregory

M A Merchant

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 or incurred any political expenditure during the year

7. International Financial Reporting Standards

The ultimate parent undertaking 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

8. Small company provisions

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

**Report of the Directors
For the year ended 31 December 2009**

9. 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

10. 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

9 April 2010

By Order of the Board



For and on behalf of
Bupa Secretaries Limited
Secretary

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 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 judgments 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 auditors' report to the members of Bupa Construction Services Limited

We have audited the financial statements of Bupa Construction Services Limited for the year ended 31 December 2009 set out on pages 5 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 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 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 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/UKNP

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

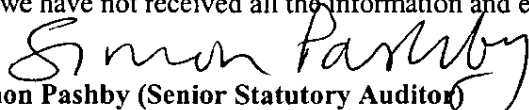
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Simon Pashby (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants

8 Salisbury Square

London

EC4Y 8BB

9 April 2010

Profit and Loss Account**For the year ended 31 December 2009**

	<i>Note</i>	2009 £	2008 £
Turnover		402,377	461,709
Operating expenses		(655,298)	(791,745)
Operating loss		<u>(252,921)</u>	<u>(330,036)</u>
Interest receivable and similar income	3	862,072	1,855,254
Interest payable and similar charges	4	(136,129)	(694,599)
Profit on ordinary activities before taxation	5	<u>473,022</u>	<u>830,619</u>
Tax on profit on ordinary activities	7	(180,030)	(283,008)
Profit on ordinary activities before taxation		<u>292,992</u>	<u>547,611</u>

The operating loss is all derived from continuing operations

There were no recognised gains or losses other than the profit for the financial year of £292,992 (2008 £547,611)

The accounting policies and notes on pages 8 to 14 form part of these financial statements

Balance Sheet
As at 31 December 2009

	<i>Note</i>	2009 £	2008 £
Fixed assets			
Tangible assets	8	2,724,487	4,120,094
Investments	9	8,839,800	8,839,800
		<u>11,564,287</u>	<u>12,959,894</u>
Current assets			
Debtors amounts falling due within one year	10	22,924,849	33,690,214
Cash at bank and in hand		2,551,590	2,551,590
		<u>25,476,439</u>	<u>36,241,804</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(206,882)	(12,511,914)
		<u>25,269,557</u>	<u>23,729,890</u>
Net current assets			
		<u>36,833,844</u>	<u>36,689,784</u>
Total assets less current liabilities			
		<u>36,833,844</u>	<u>36,689,784</u>
Provisions for liabilities and charges	12	(799,284)	(948,216)
		<u>36,034,560</u>	<u>35,741,568</u>
Net assets			
		<u>36,034,560</u>	<u>35,741,568</u>
Capital and reserves			
Called up share capital	15	18,300,851	18,300,851
Profit and loss account	16	17,733,709	17,440,717
Equity shareholders' funds		<u>36,034,560</u>	<u>35,741,568</u>

These financial statements were approved by the Board of Directors on 9 April 2010 and were signed on its behalf by



F D Gregory
 Director

The accounting policies and notes on pages 8 to 14 form part of these financial statements

Reconciliation of movements in shareholders' funds
For the year ended 31 December 2009

	2009 £	2008 £
Profit for the financial year	292,992	547,611
Net increase to shareholders' funds	<u>292,992</u>	<u>547,611</u>
Opening shareholders' funds	35,741,568	35,193,957
Closing shareholders' funds	<u>36,034,560</u>	<u>35,741,568</u>

Notes to the Financial Statements
For the year ended 31 December 2009

1. Accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with applicable accounting standards, under the historical cost accounting convention rules

As the company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (Bupa), a company registered in England and Wales, which publishes consolidated accounts, the company has pursuant to paragraph 17 of Financial Reporting Standard No 8 Related Party Disclosures (FRS 8) not included details of transactions with other Bupa Group companies which are subsidiary undertakings of the Bupa Group. There were no other related party transactions.

Cash flow statement

Under Financial Reporting Standard No 1 Cash flow statements (revised 1996) (FRS 1) the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking of The British United Provident Association Limited, a company that prepares a consolidated cash flow statement for Bupa Group.

Accounting conventions

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

Fixed assets and depreciation

Leasehold properties are stated at cost. No depreciation is provided on properties under construction.

Tangible 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 the lease
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Taxation including deferred taxation

The charge for taxation is based on the result for the year 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.

Turnover

Turnover represents the total amount earned by the company in the ordinary course of business for goods supplied and services rendered after deducting trade discounts and value added tax, where applicable. All turnover arises within the United Kingdom.

**Notes to the Financial Statements
For the year ended 31 December 2009**

1. Accounting policies - continued

Investments

Investments in subsidiary undertakings are carried at cost less provisions for permanent diminution

Operating leases

Assets leased to third parties under operating leases are included in tangible fixed assets and are stated at historical cost. Revenue is recognised on an accruals basis.

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

Classification of financial instruments issued by the company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. The finance cost on the financial liability is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2. Immediate and Ultimate Parent Undertakings

The immediate parent undertaking of Bupa Construction Services Limited 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 in which these financial statements are consolidated is that headed by Bupa Finance Plc. Copies of the accounts of both companies can be obtained from the public from The Registrar of Companies, Cardiff, CF14 3UZ.

Notes to the Financial Statements
For the year ended 31 December 2009

3. Interest receivable and similar income

	2009	2008
	£	£
Receivable from Group undertakings	<u>862,072</u>	<u>1,855,254</u>

4. Interest payable and similar charges

	2009	2008
	£	£
Payable to Group undertakings	<u>136,129</u>	<u>694,599</u>

5. Profit on ordinary activities before taxation

	2009	2008
	£	£
<i>Profit on ordinary activities is stated after charging / (crediting):</i>		
Rentals receivable under operating leases	(402,377)	(461,709)
Depreciation and other amounts written off tangible fixed assets		
Owned	<u>655,376</u>	<u>791,465</u>

6. Auditors' remuneration

	2009	2008
	£	£
Fees for the audit of the company	<u>800</u>	<u>1,000</u>

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, are required to disclose non-audit fees on a consolidated basis.

7. Tax on profit on ordinary activities

	2009	2008
	£	£
(i) Analysis of tax charge in year		
Current tax		
UK corporation tax on profit for the year	291,830	422,439
Adjustments in respect of prior periods	37,132	-
Total current tax	<u>328,962</u>	<u>422,439</u>
Deferred taxation		
Origination and reversal of timing differences	<u>(148,932)</u>	<u>(139,431)</u>
Total deferred tax	<u>(148,932)</u>	<u>(139,431)</u>
Tax on profit on ordinary activities	<u>180,030</u>	<u>283,008</u>

Notes to the Financial Statements
For the year ended 31 December 2009

7. Tax on profit on ordinary activities - continued

(ii) Factors affecting the tax charge

The current tax charge for the year is higher (2008 higher) than the 2009 rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before taxation	<u>473,022</u>	<u>830,619</u>
Tax charge on profit on ordinary activities at 28% (2008 28.5%)	132,446	236,704
Effects of		
Expenses not deductible for tax purposes	4,880	46,304
Transfer pricing adjustments	5,572	-
Depreciation in excess of capital allowances claimed	148,932	-
Accelerated capital allowances	-	139,431
Adjustments to tax charge in respect of prior periods	37,132	-
Total current tax charge for the year	<u>328,962</u>	<u>422,439</u>

8. Tangible assets

	Short leasehold improvements £
Cost	
At 1 January 2009	11,315,643
Disposal during the year	<u>(2,692,689)</u>
At 31 December 2009	<u>8,622,954</u>
Depreciation	
At 1 January 2009	7,195,549
Charge for the year	655,376
Release on disposal	<u>(1,952,458)</u>
At 31 December 2009	<u>5,898,467</u>
Net Book Value	
At 31 December 2009	<u>2,724,487</u>
At 31 December 2008	<u>4,120,094</u>
Depreciable amount at 31 December 2009	<u>8,622,954</u>
Depreciable amount at 31 December 2008	<u>11,315,643</u>

Notes to the Financial Statements
For the year ended 31 December 2009

9. Investments	2009 £	2008 £
Shares in Group undertakings	<u>9,400,000</u>	<u>9,400,000</u>
Provision for diminution in value	<u>(560,200)</u>	<u>(560,200)</u>
	<u>8,839,800</u>	<u>8,839,800</u>

The principal subsidiary undertaking of the company is listed below. The subsidiary is wholly owned and registered in England and Wales. The principal activity of the company is to rent fixtures, fittings and equipment to a Bupa Group company.

	Class of share	Nominal value £
Bupa Properties (1994) Limited	Ordinary	10,000,000

In the opinion of the directors, the investment in the company's subsidiary undertaking is worth at least the amount at which it is stated in the balance sheet.

10. Debtors - amounts falling due within one year :	2009 £	2008 £
Amounts owed by Group undertakings	22,924,849	33,228,404
Other debtors	<u>-</u>	<u>461,810</u>
	<u>22,924,849</u>	<u>33,690,214</u>

11. Creditors - amounts falling due within one year :	2009 £	2008 £
Shares classified as liabilities	799	799
Amounts owed to Group undertakings	206,083	12,510,535
Accruals and deferred income	<u>-</u>	<u>580</u>
	<u>206,882</u>	<u>12,511,914</u>

12. Provisions for liabilities and charges

	Deferred taxation £
At 1 January 2009	948,216
Provided in year	<u>(148,932)</u>
At 31 December 2009	<u>799,284</u>

Notes to the Financial Statements
For the year ended 31 December 2009

13. Deferred taxation

Deferred tax liabilities are analysed as follows

	Provided 2009 £	2008 £
Accelerated capital allowances	799,284	948,216

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

	£
At 1 January 2009	948,216
Deferred tax credit for the year	(148,932)
At 31 December 2009	799,284

The net deferred tax provision is included within provisions for liabilities and charges (see note 12)

14. Operating lease commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases which expire as set out below

	Land and buildings 2009 £	2008 £
2- 5 years	8,332	37,000
Over 5 years	94,585	129,917
	<u>102,917</u>	<u>166,917</u>

15. Share capital

	2009 £	2008 £
Authorised		
799 10% cumulative preference shares of £1 each	799	799
751 'A' ordinary shares of £1 each	751	751
18,300,100 ordinary shares of £1 each	<u>18,300,100</u>	<u>18,300,100</u>
	<u>18,301,650</u>	<u>18,301,650</u>
Allotted, called-up and fully paid		
799 10% cumulative preference shares of £1 each	799	799
751 'A' ordinary shares of £1 each	751	751
18,300,100 ordinary shares of £1 each	<u>18,300,100</u>	<u>18,300,100</u>
	<u>18,301,650</u>	<u>18,301,650</u>
Shares classified as liabilities	799	799
Shares classified in shareholders' funds	<u>18,300,851</u>	<u>18,300,851</u>
	<u>18,301,650</u>	<u>18,301,650</u>

Notes to the Financial Statements
For the year ended 31 December 2009

16. Reserves

	Profit and loss account £
At 1 January 2009	17,440,717
Profit for the financial year	292,992
At 31 December 2009	<u>17,733,709</u>

17. Guarantees & other financial commitments

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