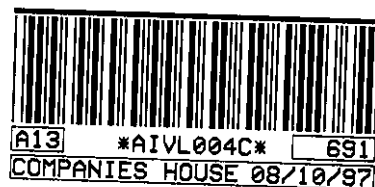


MAINREVIEW LIMITED

(Registered No. 2966483)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1996



MAINREVIEW LIMITED

REPORT OF THE DIRECTORS **for the year ended 31 December 1996**

The Directors present their annual report and the audited financial statements for the year ended 31 December 1996.

1. Principal activities

The principal activities of the Company were those of an investment company and leasing of hospital properties. The company also participates in the Hospital Procurement Partnership.

2. Review of the business

The Directors consider the development of the Company during the year to be satisfactory. The Company surrendered the leases on hospital properties during the year resulting in a significant change in the principal activities of the business. This will not impact on the accounts until the next financial period. The principal activity of the Company is now that of an investment company.

3. Results and dividends

The loss for the year, after taxation, amounted to £392,484 (1995 - profit £488).
No dividend is proposed for 1996 (1995 - £ 80).

4. Directors and directors' interests

The names of persons who were directors at any time during the year are as follows:

J P Davies
M Ellerby
F A Kee

There were no Directors' interests requiring disclosure under Section 234 of the Companies Act 1985.

5 Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Registered Office :

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

13 March 1997

By order of the board



J P Sanders
Secretary

MAINREVIEW LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the auditors' report set out on page 3, is made for the purpose of clarifying the respective responsibilities of the Directors and the auditors in the preparation of the financial statements.

Company law requires the Directors to prepare financial statements for each financial year which 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 those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MAINREVIEW LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF MAINREVIEW LIMITED

We have audited the financial statements set out on pages 4 to 12.

Respective responsibilities of Directors and auditors

As described on page 2, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London

13 March 1997



KPMG Audit Plc
Chartered Accountants
Registered Auditor

MAINREVIEW LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	<i>Note</i>	1996 £	3 Months ended 31/12/95 £
Turnover		106,327	6,729
Operating expenses		<u>(102,919)</u>	<u>(6,000)</u>
Operating profit		3,408	729
Profit on sale of fixed assets		133,500	-
Losses in participating interest	4	(62,836)	-
Interest payable and similar charges	5	<u>(471,803)</u>	<u>-</u>
(Loss)/Profit on ordinary activities before taxation	6	(397,731)	729
Tax on (loss)/profit on ordinary activities	7	<u>5,247</u>	<u>(241)</u>
(Loss)/profit for the financial year		(392,484)	488
Dividends		-	(80)
Retained (loss)/profit for the financial year		<u><u>(392,484)</u></u>	<u><u>408</u></u>

The operating profit is all derived from discontinued operations. The company is no longer involved in the activity of leasing hospital properties.

There were no recognised gains and losses other than the profit/(loss) for the financial year.

MAINREVIEW LIMITED

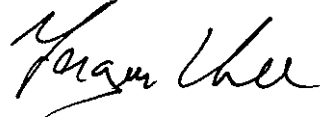
BALANCE SHEET

as at 31 December 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible assets	9	-	-
Investments	8	9,400,001	-
		<u>9,400,001</u>	<u>-</u>
Current assets			
Debtors	10	18,519,835	2,427
Cash at bank and in hand		29,021	-
		<u>18,548,856</u>	<u>2,427</u>
Creditors: amounts falling due within one year	11	(10,039,283)	(369)
		<u>8,509,573</u>	<u>2,058</u>
Net current assets			
		<u>8,509,573</u>	<u>2,058</u>
Total assets less current liabilities		<u>17,909,574</u>	<u>2,058</u>
Capital and reserves			
Called up share capital	12	18,301,650	1,650
Profit and loss account	13	(392,076)	408
		<u>17,909,574</u>	<u>2,058</u>
Shareholders' funds			
Equity		17,908,775	1,259
Non equity		799	799
		<u>17,909,574</u>	<u>2,058</u>

The financial statements were approved by the Board of Directors on 13 March 1997 and were signed on its behalf by:

F A Kee



Director

The accounting policies and notes on pages 7 to 12 form part of the financial statements.

MAINREVIEW LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 1996**

	1996 £	Period ended 31/12/95 £
(Loss)/profit for the financial year	(392,484)	488
Dividends	-	(80)
	<hr/>	<hr/>
	(392,484)	408
New share capital subscribed (net of issue costs)	18,300,000	1,650
	<hr/>	<hr/>
Net addition to shareholders' funds	17,907,516	2,058
Opening shareholders' funds	2,058	-
	<hr/>	<hr/>
Closing shareholders' funds	<u>17,909,574</u>	<u>2,058</u>

MAINREVIEW LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

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

As the company is a wholly owned subsidiary of The British United Provident Association Limited, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed separately transactions or balances with entities which form part of the BUPA Group.

(b) Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No. 1 (Revised 1996) to prepare a cash flow statement as it is a wholly-owned subsidiary undertaking of The British United Provident Association Limited, and its cash flows are included within the consolidated cash flow statement of that company.

(c) Turnover

Turnover represents the gross earnings from the aggregate rentals receivable in respect of operating leases.

(d) Investment income

Dividends on equity investments are included, together with the related tax credit, in the profit and loss account on a cash basis which is not materially different from an ex-dividend basis; other investment income is recognised on an accruals basis.

Realised gains and losses on land and buildings and other investments are taken to the profit and loss account.

(e) Investments

Investments in subsidiary undertakings are carried at current value in the parent company's accounts.

(f) Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that a liability will crystallise. It is expected that trading losses surrendered will be made on a full payment basis.

(g) Operating leases

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

MAINREVIEW LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996 - continued

2. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of BUPA Investments Limited, which is registered in England and Wales.

The ultimate holding company is The British United Provident Association Limited, in whose accounts these financial statements are consolidated. A copy of BUPA's consolidated financial statements are available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

Employees

The company had no employees during the year (1995 : nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors for the year (1995 : £nil).

4. LOSSES IN PARTICIPATING INTEREST

	1996	Period ended 31/12/95
	£	£
Share of loss in the Hospital Procurement Partnership	<u>(62,836)</u>	<u>-</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1996	Period ended 31/12/95
	£	£
Amounts owed to Group undertakings	<u>(471,803)</u>	<u>-</u>

MAINREVIEW LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996 - continued

6. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996	Period ended 31/12/95
	£	£
<i>(Loss)/profit on ordinary activities is stated after charging/(crediting) :</i>		
Hire of assets - rentals payable under operating leases	98,063	6,000
Auditors' remuneration:		
Audit	1,188	-
Rentals receivable under operating leases	(106,327)	(6,729)
	<u> </u>	<u> </u>

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1996	Period ended 31/12/95
	£	£
The taxation charge is based on the result for the year :		
UK corporation tax at 33%	(5,247)	241
	<u> </u>	<u> </u>

8. INVESTMENTS

	1996	1995
	£	£
<i>Unlisted Shares in Group undertakings</i>		
At 1 January 1996	-	-
Additions	9,400,001	-
At 31 December 1996	<u>9,400,001</u>	<u>-</u>

In the opinion of the Directors the investments in the Company's subsidiary undertakings 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 are, unless otherwise stated, registered in England and Wales.

Company	Nature of Activity	Class of share	Nominal value
			£
BUPA Properties (1994) Ltd	Development of land	Ordinary	9,999,999
Dolphyn Court Properties Ltd	Development of hospital projects	Ordinary	100

MAINREVIEW LIMITED**NOTES TO THE FINANCIAL STATEMENTS****for the year ended 31 December 1996 - continued****9. TANGIBLE FIXED ASSETS**

	Land & Buildings	Plant & Machinery	Total
Cost or valuation	£	£	£
At 1 January 1996	-	-	-
Additions	15,070,000	4,680,000	19,750,000
Disposals	(15,070,000)	(4,680,000)	(19,750,000)
At 31 December 1996	-	-	-
Depreciation			
At 1 January 1996	-	-	-
Charge for the year	-	-	-
On disposals	-	-	-
At 31 December 1996	-	-	-
Net Book Value			
At 31 December 1996	-	-	-
At 31 December 1995	-	-	-
Depreciable amount at 31 December 1996	-	-	-
Depreciable amount at 31 December 1995	-	-	-

MAINREVIEW LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996 - continued

10. DEBTORS	1996 £	1995 £
Amounts falling due within one year:		
Amounts owed by Group undertakings	18,519,479	2,427
Sundry Debtors	356	-
	<u>18,519,835</u>	<u>2,427</u>
 11. CREDITORS	 1996 £	 1995 £
Amounts falling due within one year :		
Amounts owed to Group undertakings	10,021,663	-
Taxation and social security	241	241
Other creditors	17,379	128
	<u>10,039,283</u>	<u>369</u>
 12. SHARE CAPITAL	 1996 £	 1995 £
Authorised		
799 10% cumulative preference shares	799	799
751 'A' ordinary shares of £1 each	751	751
18,300,100 ordinary shares of £1 each (1995 : 1000)	18,300,100	1,000
	<u>18,301,650</u>	<u>2,550</u>
 Allotted, called-up and fully paid		
799 10% cumulative preference shares	799	799
751 'A' ordinary shares of £1 each	751	751
18,300,100 ordinary shares of £1 each (1995 : 100)	18,300,100	100
	<u>18,301,650</u>	<u>1,650</u>

During the year the company's principal shareholder subscribed for 18,300,000 ordinary shares of £1 each for cash at par.

MAINREVIEW LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1996 - continued

13. RESERVES

Profit
and loss
account
£

At 1 January 1996

408

Retained loss for period

(392,484)

At 31 December 1996

(392,076)
