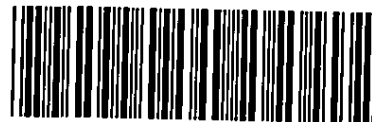


MARANDER LIMITED

(Registered No. 2988630)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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MARANDER LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2006

The directors present their directors' report and the audited financial statements for the year ended 31 December 2006

1. Principal activity

The company no longer trades. The principal activity of the company used to be the leasing of hospital properties.

2. Business Review

The company did not trade during the current year and the previous year.
The loss for the year, after taxation, amounted to £906 (2005 - profit £309).

3. Results and dividends

The directors do not recommend the payment of a dividend to its ordinary shareholders (2005 Nil).

4. Directors and directors' interests

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

J P Davies
R King
N T Beazley
B D J Kent

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

5. Auditors

Pursuant to a shareholder's resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

6. 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 certain 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.

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 he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

MARANDER LIMITED

REPORT OF THE DIRECTORS - continued
for the year ended 31 December 2006

8 Financial Reporting Standards

These financial statements are prepared in accordance with applicable UK accounting standards

Registered Office

BUPA House
15-19 Bloomsbury Way
London
WC1A 2BA

10 October 2007

By Order of the Board

A handwritten signature in black ink, appearing to be 'JP Sanders', written over a horizontal line.

J P Sanders
Secretary

MARANDER LIMITED

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally accepted Accounting Practice)

The financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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

MARANDER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARANDER LIMITED

We have audited the financial statements of Marander Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movement in Shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.

MARANDER LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MARANDER LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

8 Salisbury Square
London EC4Y 8BB

10 October 2007

MARANDER LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

	Note	2006 £	2005 £
Administrative expenses		<u>(3,589)</u>	<u>(2,350)</u>
Operating loss	3	(3,589)	(2,350)
Interest receivable and similar income	4	2,763	2,739
Interest payable and similar charges	5	<u>(80)</u>	<u>(80)</u>
(Loss)/profit on ordinary activities before taxation		(906)	309
Tax on (loss)/profit on ordinary activities	6	<u>-</u>	<u>-</u>
Retained (loss)/profit for financial year		<u>(906)</u>	<u>309</u>

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

The accounting policies and notes on pages 9 to 13 form part of the Financial Statements

MARANDER LIMITED

BALANCE SHEET

as at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Cash at Bank		98,006	95,242
		<u>98,006</u>	<u>95,242</u>
Creditors amounts falling due within one year	7	<u>(52,025)</u>	<u>(48,355)</u>
Net current assets		45,981	46,887
Creditors amounts falling due after more than one year	8	(799)	(799)
Net assets		<u>45,182</u>	<u>46,088</u>
Capital and reserves			
Called up share capital	9	851	851
Profit and loss account	10	<u>44,331</u>	<u>45,237</u>
Shareholders' funds		<u>45,182</u>	<u>46,088</u>

These financial statements were approved by the Board of Directors on 10 October 2007 and were signed on its behalf by



J P Davies
Director

The accounting policies and notes on pages 9 to 13 form part of the Financial Statements

MARANDER LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**
for the year ended 31 December 2006

	2006 £	2005 £
Retained (loss)/profit for the financial year	(906)	309
Effect of adoption of FRS25 on 1 January 2005	-	(799)
Net reduction to shareholders' funds	<u>(906)</u>	<u>(490)</u>
Opening shareholders' funds	46,088	46,578
Closing shareholders' funds	<u><u>45,182</u></u>	<u><u>46,088</u></u>

MARANDER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

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

(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 Private Healthcare Trust, an entity which is exempt from the requirement to prepare a cash flow statement as it is a small entity, as defined by the Companies Act 1985

(c) Taxation

The charge for taxation is based on the result for the period 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

(d) Classification of financial instruments issued by the company (FRS 25 Financial Presentation)

Following the adoption of FRS25, 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

MARANDER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2006

1. STATEMENT OF ACCOUNTING POLICIES

(d) Classification of financial instruments (continued).

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 (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

2. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of The Private Healthcare Trust, which is registered in England and Wales.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities is stated after charging

	2006	2005
	£	£
Auditors' remuneration - audit of financial statements	3,589	3,219
	<u> </u>	<u> </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. The 2005 disclosure has been restated using a consistent basis.

MARANDER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006 - continued

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006	2005
	£	£
Bank interest received	<u>2,763</u>	<u>2,739</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2006	2005
	£	£
Finance costs on shares classified as liabilities	<u>80</u>	<u>80</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(i) Analysis of charge

	2006	2005
	£	£
Current Tax		
Tax on loss/ (profit) on ordinary activities	<u>-</u>	<u>-</u>

(ii) Factors affecting the tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30%
The differences are explained below

	2006	2005
	£	£
(Loss)/Profit on ordinary activities before tax	<u>(906)</u>	<u>309</u>
Tax charge on (loss)/profit on ordinary activities at 30%	(272)	93
Non taxable income	-	(93)
Non deductible expenditure	272	-
Total current tax charge for period	<u>-</u>	<u>-</u>

7. CREDITORS - amounts falling due within one year :

	2006	2005
	£	£
Trade creditors	32,244	32,244
Other creditors	3,054	3,054
Accruals	16,162	12,572
Preference dividend	565	485
	<u>52,025</u>	<u>48,355</u>

MARANDER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006 - continued

8. CREDITORS - amounts falling due after more than one year :

	2006	2005
	£	£
Shares classified as liabilities	<u>799</u>	<u>799</u>

The preference shares, which were issued at par, carry a dividend of 10% per annum payable annually in arrears on 30 April. The dividend rights are cumulative. In the event that there are insufficient funds to enable the preference dividend to be paid in full, then any amount due is paid when there are sufficient profits.

On a winding up of the company the preference shareholders have a right to receive, in priority to the other shareholders, the nominal value of £1 each plus any accrued dividend.

The preference shares carry no right to attend or vote at any general meeting of the company.

9. SHARE CAPITAL

	2006	2005
	£	£
Authorised		
751 'A' ordinary shares of £1 each	751	751
1000 ordinary shares of £1 each	1,000	1,000
	<u>1,751</u>	<u>1,751</u>
Allotted, called-up and fully paid		
751 'A' ordinary shares of £1 each	751	751
100 ordinary shares of £1 each	100	100
	<u>851</u>	<u>851</u>

The 'A' ordinary shares, which were issued at par, carry a dividend of 1p for every complete £1,000 paid by way of cash dividend in respect of the same financial year to the holders of the ordinary shares.

On a winding up of the company the 'A' ordinary shareholders have a right to receive, out of the surplus assets of the company, the repayment of any nominal amount paid up. The 'A' ordinary shares do not carry any other right of participation in the assets of the company.

The 'A' ordinary shares carry no right to attend or vote at any general meeting of the company.

10. RESERVES

	2006	2005
	Profit and loss account £	Profit and loss account £
At the beginning of the year	45,237	44,928
Retained (Loss) / Profit	<u>(906)</u>	<u>309</u>
At the end of the year	<u>44,331</u>	<u>45,237</u>

MARANDER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006 - continued

11. RELATED PARTY TRANSACTIONS

As at the 31 December 2006 the Company owes £565 to its ultimate parent company, The Private Healthcare Trust, being the preference dividend on the 10% preference shares. The Company also owed £51,460 to The British United Provident Association Limited and its subsidiaries which are related parties by virtue of the directors of the Company being directors of companies in the BUPA Group. There are no other balances with related parties nor were there any transactions with related parties during the year.