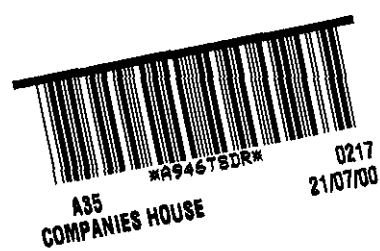


CARE FIRST AT HOME LIMITED

(Registered No. 3326152)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999



REPORT OF THE DIRECTORS
for the year ended 31 December 1999

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

1. Principal activity

The principal activity of the Company is that of a leasing company.

2. Review of the business

The directors consider the development of the Company during the year to be satisfactory.

3. Results and dividends

The profit for the year, after taxation, amounted to £175,243 (1998 - £nil).

No dividend is proposed for 1999 (1998 - £ nil).

4. Directors and directors' interests

Details of the present directors and any other person who served as a director at any time during the year are as follows:

JP Davies

M Ellerby

G Smith

AD Walford

NR Taylor (Appointed 4 February 1999)

The Directors had no interests in the shares of the Company or any other group company requiring disclosure under Section 234 of the Companies Act 1985.

5. Employees and remuneration

The company has no employees other than the Directors, who are remunerated through other group companies.

6. Year 2000

The Company was part of BUPA's comprehensive Year 2000 programme to minimise the impact of the millennium bug on our customers, which was successfully concluded. As a result of the care taken in addressing the real risks associated with the millennium bug, our customers and service suffered no adverse effects over the critical period. We are continuing to monitor possible impact during 2000 and contingency plans are in place to assist with any future issue that may arise.

The Group incurred total expenditure of £9.2m in 1999 and £8.1m in 1998. The cost to the Company of ensuring millennium compliance has not been material.

7. Auditors

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

Registered Office :
Bridge House
Horsforth
Leeds
LS18 4UP

9 March 2000

By Order of the Board



M Ellerby
Director

**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.

REPORT OF THE AUDITORS

TO THE MEMBERS OF CARE FIRST CARE HOMES LIMITED

We have audited the financial statements set out on pages 4 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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 as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leeds

9 March 2000

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

CARE FIRST AT HOME LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 31 December 1999**

	<i>Note</i>	1999 £	1998 £
Turnover	<i>1</i>	220,000	-
Operating expenses		(42,374)	-
Profit on ordinary activities before taxation	<i>4</i>	<u>177,626</u>	<u>-</u>
Tax on profit on ordinary activities	<i>5</i>	(2,383)	-
Retained profit for the year	<i>13</i>	<u>175,243</u>	<u>-</u>

The operating profit is all derived from continuing operations.

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

There were no recognised gains and losses other than the profit for the year.

CARE FIRST AT HOME LIMITED

BALANCE SHEET

as at 31 December 1999

	Note	1999 £	1998 £
Current assets			
Debtors		94,225,031	2
Debtors: amounts due within one year	6	93,433,993	2
Debtors: amounts due after one year	7	791,038	-
Cash at bank and in hand		838	-
		<hr/>	<hr/>
		94,225,869	2
Creditors: amounts falling due within one year	9	(93,281,099)	-
		<hr/>	<hr/>
Net current assets		944,770	2
		<hr/>	<hr/>
Total assets less current liabilities		944,770	2
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	10	(767,142)	-
Provisions for liabilities and charges	11	(2,383)	-
		<hr/>	<hr/>
		175,245	2
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	175,243	-
		<hr/>	<hr/>
Equity shareholders' funds		175,245	2
		<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 9 March 2000 and were signed on its behalf by

NR Taylor
Director



The accounting policies and notes on pages 7 to 10 form part of these financial statements.

CARE FIRST AT HOME LIMITED**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**
for the year ended 31 December 1999

	1999 £	1998 £
Profit for the financial year	175,243	-
New share capital subscribed	-	2
Net addition to shareholders' funds	<u>175,243</u>	<u>2</u>
Opening shareholders' funds	2	-
Closing shareholders' funds	<u>175,245</u>	<u>2</u>

CARE FIRST AT HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, applicable SORPs and under the historical cost accounting convention, as modified by the revaluation of freehold and long leasehold buildings, and on a going concern basis. The Care First Group plc has indicated that it will continue to provide financial and other support for the foreseeable future.

As the Company is a wholly owned subsidiary undertaking it is exempt from the requirements of Financial Reporting Standard No.8 to disclose details of transactions with other members of the BUPA group of companies.

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

(d) Taxation including deferred 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. No payment is made for group relief claimed or surrendered.

(e) Finance leases

The gross earnings from finance leases are recognised in the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

The investment in finance leases is stated in the balance sheet at the total of the gross minimum lease payments receivable under such agreements, less finance income allocated to future periods.

Outstanding future lease obligations of assets acquired under finance leases are shown in creditors.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of Care First Group plc 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

The emoluments of the directors are borne entirely by other group companies and are disclosed in the financial statements of those companies. The Company has no other employee costs during the year.

CARE FIRST AT HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
<i>Profit on ordinary activities is stated after charging:</i>		

Gross earnings under finance leases	41,712	-
	<hr/>	<hr/>

Auditors' remuneration is borne by a fellow group undertaking (1998 - £nil).

The aggregate rentals received under finance leases are as follows:

	1999 £	1998 £
Finance charges	41,712	-
Capital repayments	33,284	-
	<hr/>	<hr/>
	74,996	-
	<hr/>	<hr/>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge is based on the result for the year :		

Deferred taxation	2,383	-
	<hr/>	<hr/>
	2,383	-
	<hr/>	<hr/>

The current year's UK corporation tax charge has been eliminated due to surrender of group relief from a related party, for which no payment has been made. The current year UK corporation tax charge would otherwise have amounted to £51,329.

6. DEBTORS - amounts falling due within one year

	1999 £	1998 £
Amounts falling due within one year:		
Finance lease receivables	100,880	-
Amounts owed by group undertakings	93,323,925	-
Other debtors	9,188	-
	<hr/>	<hr/>
	93,433,993	-
	<hr/>	<hr/>

7. DEBTORS - Amounts falling due after more than one year:

	1999 £	1998 £
Finance lease receivables	791,038	-
	<hr/>	<hr/>

CARE FIRST AT HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

8. INVESTMENTS IN FINANCE AGREEMENTS

The Company's investments in finance leases can be allocated as follows :

	1999 £	1998 £
Minimum lease payments	1,359,538	-
Finance allocated to future periods	(467,621)	-
	<u>891,917</u>	<u>-</u>
Of which due within one year	100,880	-
Lease payments receivable in year	33,284	-
Cost of equipment acquired during the year	<u>925,201</u>	<u>-</u>

9. CREDITORS - amounts falling due within one year :

	1999 £	1998 £
Payment on account	93,028,929	-
Obligations under finance leases	116,833	-
Amounts owed to group undertakings	135,337	-
	<u>93,281,099</u>	<u>-</u>

Payments on account represent payments received for goods and service to be rendered to Group undertakings.

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

	1999 £	1998 £
Obligations under finance leases	<u>767,142</u>	<u>-</u>

Finance leases are repayable as follows:

	1999 £	1998 £
Between one and two years	125,560	-
Between two and five years	245,082	-
After five years	396,500	-
	<u>767,142</u>	<u>-</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 1999	-
Profit and loss account	2,383
At 31 December 1999	<u>2,383</u>

The amounts provided for deferred taxation, representing full provision, are set out below :

	1999 £	Provided 1998 £
Other timing differences	2,383	-
	<u>2,383</u>	<u>-</u>

CARE FIRST AT HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 1999

12. SHARE CAPITAL

	1999 £	1998 £
Authorised		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

13. RESERVES

	Profit and loss account £
At 1 January 1999	-
Retained Profit	175,243
	<hr/>
At 31 December 1999	175,243
	<hr/>

14. CONTINGENT LIABILITIES

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.
Under a group registration the Company is jointly and severally liable for value added tax due by certain other group companies.