

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**(Registered No. 3333791)**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**



**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2003**

The directors present their annual report and the audited financial statements for the year ended 31 December 2003.

**1. Principal activity**

The principal activity of the Company is the owning and operating of nursing and residential homes for the elderly.

**2. Change of name**

The Company changed its name to BUPA Care Homes (Bedfordshire) Limited on 1 August 2003.

**3. Review of the business**

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

**4. Results and Dividends**

The profit for the year, after taxation, amounted to £141,000 (2002 - £241,000).

No dividend is proposed for 2003 (2002 - £ nil).

**5. Directors and directors' interests**

Details of the present directors and any other person who served as a director during the year are set out below:

J P Davies	
M Ellerby	
D Kelly	(resigned 30 June 2003)
N R Taylor	
A D Walford	
P C Ludford	(appointed 3 June 2003)
R J Maclean	(appointed 3 June 2003)
A M How	(appointed 3 June 2003)
O H D Thomas	(appointed 3 June 2003)

The Directors had no interests requiring disclosure under Section 234 of the Companies Act 1985.

**6. Employees and remuneration**

Details of the number of persons employed and gross remuneration are contained in note 3 to the financial statements.

Every effort is made by the directors and management to inform, consult and encourage the full involvement of staff on matters concerning them as employees and affecting the Company's performance.

The Company continues to pursue its stated policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are, to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the Company, through training, career development and promotion. Where employees have become disabled whilst in the service of the Company, every effort is made to rehabilitate them in their former occupation or some suitable alternative.

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
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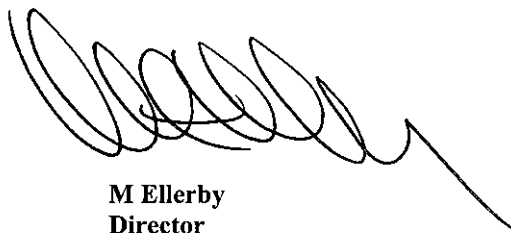
**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2003**

**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  
Outwood Lane  
Horsforth  
Leeds  
LS18 4UP

By Order of the Board

A handwritten signature in black ink, consisting of several loops and a long trailing line, positioned above the printed name and title of the director.

**M Ellerby**  
**Director**

11 March 2004

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED  
(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT 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 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 INDEPENDENT AUDITORS TO THE MEMBERS OF BUPA CARE HOMES (BEDFORDSHIRE) LIMITED (FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

We have audited the financial statements on pages 5 to 18.

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 are responsible for preparing the directors' report and, as described on page 3, 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 1985. 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 audit 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

Leeds

11 March 2004

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2003**

	<b>Note</b>	<b>2003 £'000</b>	<b>2002 £'000</b>
<b>Turnover</b>	1	10,713	10,605
Operating expenses		<u>(10,233)</u>	<u>(10,058)</u>
<b>Operating profit</b>		480	547
Interest payable and similar charges	4	(18)	(15)
Provisions for liabilities in participating interest	5	<u>(156)</u>	<u>(168)</u>
<b>Profit on ordinary activities before taxation</b>	6	306	364
Tax on profit on ordinary activities	7	<u>(165)</u>	<u>(123)</u>
<b>Retained profit for the financial year</b>		<u>141</u>	<u>241</u>

The operating profit is wholly derived from continuing operations.

There were no recognised gains and losses other than the profit 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 8 to 18 form part of these financial statements.

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**BALANCE SHEET**  
**as at 31 December 2003**

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Tangible assets	8	<u>2,326</u>	<u>2,563</u>
<b>Current assets</b>			
Debtors		7,150	8,310
Debtors due within one year	9	<u>4,770</u>	<u>5,466</u>
Debtors due after one year	9	<u>2,380</u>	<u>2,844</u>
Cash at bank and in hand		<u>118</u>	<u>119</u>
		7,268	8,429
<b>Creditors: amounts falling due within one year</b>	10	<u>(7,413)</u>	<u>(9,127)</u>
<b>Net current liabilities</b>		<u>(145)</u>	<u>(698)</u>
<b>Total assets less current liabilities</b>		2,181	1,865
<b>Creditors: amounts falling due after more than one year</b>	11	(171)	(153)
<b>Provisions for liabilities and charges</b>	12	<u>(795)</u>	<u>(638)</u>
		<u>1,215</u>	<u>1,074</u>
<b>Capital and reserves</b>			
Called up share capital	14	-	-
Profit and loss account	15	<u>1,215</u>	<u>1,074</u>
<b>Equity shareholders' funds</b>		<u>1,215</u>	<u>1,074</u>

These financial statements were approved by the Board of Directors on 11 March 2004 and were signed on its behalf by:

**N R Taylor**  
**Director**



The accounting policies and notes on pages 8 to 18 form part of these financial statements.

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**  
**for the year ended 31 December 2003**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
<b>Profit for the financial year and net addition to shareholders' funds</b>	141	241
Opening shareholders' funds	<u>1,074</u>	<u>833</u>
<b>Closing shareholders' funds</b>	<u>1,215</u>	<u>1,074</u>



**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**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 as modified to include the revaluation of land and buildings and on a going concern basis.

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 companies which are subsidiary undertakings of the BUPA Group. There are no other related party transactions.

**Accounting conventions**

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

**(b) 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 BUPA, a company that prepares a consolidated cash flow statement for the BUPA Group.

**(c) Turnover**

Turnover represents the total amount earned by the Company in the ordinary course of business for services rendered after deducting trade discounts and Value Added Tax, where applicable. All turnover arises within the United Kingdom.

**(d) Fixed assets and depreciation**

Freehold and leasehold properties are stated at current valuation. Other tangible assets are stated at cost. Land and buildings are valued by external valuers every three years. No depreciation is provided on freehold land and properties under construction. Other tangible assets are depreciated so as to write off the cost or valuation by equal instalments over their useful economic lives, as follows:

Freehold buildings	- 50 years
Leasehold improvements	- term of the lease
Fixtures, fittings & equipment	- 3 to 50 years

**(e) 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 exceptions:

- Provision is made for tax on gains arising from the revaluation of property to its fixed 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.
- 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.

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)**

**(e) Taxation including deferred taxation (continued)**

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) Leases**

Leasing arrangements which transfer to the Company substantially all the risks and rewards of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible assets and depreciated over their estimated economic lives or over the term of the lease, whichever is shorter. The capital element of the leasing commitments is included in liabilities as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligation, and the interest element is charged against results in proportion to the capital element outstanding.

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

**(g) Pensions and other post-retirement benefits**

The Company operates an optional defined benefit pension scheme, the Care First Bedfordshire Limited Defined Benefit Pension Scheme (formally known as Care First Partnerships Limited Defined Benefit Pension Scheme), which provides benefits based on final pensionable pay for certain members of staff. The assets of the schemes are held separately from those of the Company in an independently administered fund.

Contributions to the defined benefit scheme are charged to the profit and loss account over the expected average remaining service lives of employees. Any difference between the cumulative charge to the profit and loss account and the contributions paid to the scheme is included as a provision in the balance sheet.

**2. IMMEDIATE AND ULTIMATE PARENT UNDERTAKINGS**

The immediate parent undertaking of the Company is Care First Group plc, a company registered in England and Wales.

The ultimate parent undertaking of the Company is BUPA, a company registered in England and Wales. The group preparing consolidated accounts which include the Company is BUPA. Copies of the accounts of BUPA can be obtained from The Registrar of Companies, Cardiff, CF14 3UZ.

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**3. STAFF COSTS AND DIRECTORS' REMUNERATION**

**a) Employees**

The average number of persons employed by the Company during the year (including directors), analysed by category, is as follows:

	<b>Number of employees</b>	
	<b>2003</b>	<b>2002</b>
Health care	<u>523</u>	<u>523</u>

The aggregate payroll costs of these persons were as follows:

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,063	5,802
Social security costs	321	300
Other pension costs (note 16)	<u>369</u>	<u>399</u>
	<u>6,753</u>	<u>6,501</u>

**b) Directors' remuneration**

The emoluments of the Directors are borne entirely by the other Group companies and are disclosed in the financial statements of those companies.

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Finance lease interest	<u>18</u>	<u>15</u>

**5. PROVISION FOR LIABILITIES IN PARTICIPATING INTEREST**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Share of liabilities in The Care Homes Partnership	<u>156</u>	<u>168</u>

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	2003 £'000	2002 £'000
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Depreciation and other amounts written off tangible fixed assets:		
Owned	94	74
Leased	36	24
Loss on revaluation	196	-
Operating lease rentals		
Land and buildings	463	456

Auditors' remuneration and amounts paid to KPMG Audit Plc and their associates for non audit services are borne by a fellow Group undertaking.

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

**(i) Analysis of tax charge in the year**

	2003 £'000	2003 £'000
Current tax		
UK corporation tax on profits for the year	164	121
Deferred tax		
Origination and reversal of timing differences	1	2
Tax on profit on ordinary activities	165	123

**(ii) Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	306	364
Tax charge on profit on ordinary activities at 30%	92	109
Effects of:		
Expenses not deductible for tax purposes	73	14
Capital allowances for the period in excess of depreciation	(1)	(13)
Deferred tax on short term and other timing differences	-	11
Total current tax charge for the year	164	121

**(iii) Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £8,000. At present it is not envisaged that any tax will become payable in the foreseeable future.

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**8. TANGIBLE FIXED ASSETS**

	Land & buildings £'000	Fixtures, fittings & equipment £'000	Total £'000
<b>Cost or valuation</b>			
At 1 January 2003	1,680	1,172	2,852
Additions	6	83	89
Revaluation	(298)	-	(298)
At 31 December 2003	1,388	1,255	2,643
<b>Depreciation</b>			
At 1 January 2003	113	176	289
Charge for the year	38	92	130
Adjustments on revaluation	(102)	-	(102)
At 31 December 2003	49	268	317
<b>Net Book Value</b>			
At 31 December 2003	1,339	987	2,326
At 31 December 2002	1,567	996	2,563
<b>Leased assets included above</b>			
<b>Net Book Value</b>			
At 31 December 2003	85	164	249
At 31 December 2002	99	146	245

The Company's freehold land and buildings were valued by Knight Frank, Chartered Surveyors at 31 December 2003 on the basis of existing use. The valuation has been made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations were incorporated into the balance sheet at 31 December 2003. Other tangible assets are stated at cost.

**Analysis of cost or valuation of land and buildings:**

	2003 Land & buildings £'000	2002 Land & buildings £'000
At open market value	1,383	1,520
At cost	5	160
Aggregate depreciation thereon	(49)	(113)
	1,339	1,567
Historical cost of revalued assets	1,581	1,581
Aggregate depreciation based on historical cost	(113)	(91)
Historical cost net book value	1,468	1,490

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**9. DEBTORS**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	33	837
Payments on account	3,304	3,341
Amounts owed by Group undertakings	977	832
Advance operating property rental payments	<u>456</u>	<u>456</u>
	<b>4,770</b>	<b>5,466</b>
<b>Amounts falling due after one year:</b>		
Advance operating property rental payments	<u>2,380</u>	<u>2,844</u>

Payments on account represent payments for goods and services to be rendered by Group undertakings.

**10. CREDITORS – amounts falling due within one year**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	21	17
Amounts owed to Group undertakings	7,267	9,056
Accruals and deferred income	<u>125</u>	<u>54</u>
	<b>7,413</b>	<b>9,127</b>

Obligations under finance leases are payable to a fellow BUPA Group undertaking.

**11. CREDITORS – amounts falling due after more than one year**

	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	<u>171</u>	<u>153</u>
<b>Finance leases are repayable as follows:</b>		
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Between one and two years	19	19
Between two and five years	42	32
After five years	<u>110</u>	<u>102</u>
	<b>171</b>	<b>153</b>

Obligations under finance leases are payable to a fellow BUPA Group undertaking.

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**12. PROVISIONS FOR LIABILITIES AND CHARGES**

	Participating interest £'000	Deferred taxation £'000	Total £'000
At 1 January 2003	588	50	638
Provided in the year	<u>156</u>	<u>1</u>	<u>157</u>
At 31 December 2003	<u>744</u>	<u>51</u>	<u>795</u>

The Company has a participating interest in a joint venture with The Care Homes Partnership. This provision represents the Company's share of the partnership's liabilities as at 31 December 2003.

**13. DEFERRED TAXATION**

Deferred tax liabilities are analysed as follows:

	Provided	
	2003 £'000	2002 £'000
Accelerated capital allowances	<u>51</u>	<u>50</u>

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

	2003 £'000
At 1 January 2003	50
Deferred tax charge for the year	<u>1</u>
At 31 December 2003	<u>51</u>

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

**14. SHARE CAPITAL**

	2003 £	2002 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
	2003 £	2002 £
<b>Allotted, called-up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**15. RESERVES**

	Profit and loss account £'000
At 1 January 2003	1,074
Retained profit for the year	<u>141</u>
At 31 December 2003	<u>1,215</u>

**16. PENSIONS**

The Company operates a defined benefit pension scheme, Care First Bedfordshire Limited Defined Benefit Scheme, for certain employees who transferred from Bedfordshire County Council and who were previously members of the relevant Local Government Superannuation Scheme (LGSS). The scheme has been established to provide benefits identical to those offered by the LGSS. Under this scheme, contributions by employees and the Company are administered by Friends Provident Corporate Pensions Limited who are also responsible for investments management and the provision of actuarial advice. The scheme was established on 4 November 1996 and eligible staff joined the scheme with effect from the 14 July 1998. The scheme is funded to cover future pension liabilities, allowing for future earnings and pension increases. On the basis of a detailed valuation undertaken every three years and a periodic interim review, an independent actuary recommends the rates of contribution.

A full actuarial valuation was carried out at 1 July 2000 and updated to 31 December 2003 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 December 2003	31 December 2002	31 December 2001
Rate of increase in salaries	4.0%	3.9%	4.1%
Rate of increase in pensions in payment where LPI applies	2.7%	2.3%	2.5%
Discount rate	5.8%	5.6%	5.8%
Inflation assumption	2.7%	2.3%	2.5%
Loading for mortality improvements	5.0%	0.0%	0.0%
Mortality table code	PA92 c2015	PA92 c2015	PA92 c2015



**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**16. PENSIONS (CONTINUED)**

The assets in the scheme and the expected return were:

	Long term rate of return expected at 31 December 2003	Value at 31 December 2003 £'000	Long term rate of return expected at 31 December 2002	Value at 31 December 2002 £'000	Long term rate of return expected at 31 December 2001	Value at 31 December 2001 £'000
Equities	7.5%	2,099	7.0%	1,355	7.8%	1,162
Bonds	5.5%	300	5.6%	244	5.8%	189
Other (Property, Cash, etc)	3.8%	97	4.0%	145	5.8%	101
Total realisable value of assets		2,496		1,744		1,452
Present value of scheme liabilities		(3,213)		(2,605)		(2,023)
Surplus (deficit) in the scheme		(717)		(861)		(571)
Net pension liability *		(717)		(861)		(571)

\* Before adjustment for deferred tax

Analysis of the amount charged to operating profit

	2003 £'000	2002 £'000
Current service cost	492	488

Analysis of the amount credited to other finance income

	2003 £'000	2002 £'000
Expected return on pension scheme assets	127	128
Interest on pension scheme liabilities	(157)	(132)
Net return	(30)	(4)

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**16. PENSIONS (CONTINUED)**

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
Actual return less expected return on pension scheme assets	239	(383)
Experience gains and losses arising on the scheme liabilities	304	41
Changes in assumptions underlying the present value of the scheme liabilities	<u>(368)</u>	<u>2</u>
Actual gain recognised in STRGL	<u>175</u>	<u>(340)</u>
Movement in surplus during the year		
	<b>2003</b> <b>£'000</b>	<b>2002</b> <b>£'000</b>
Deficit in scheme at beginning of the year	(861)	(571)
Movement in year:		
Current service cost	(492)	(488)
Contributions	491	542
Other finance income	(30)	(4)
Actuarial gain	<u>175</u>	<u>(340)</u>
Deficit in scheme at end of year	<u>(717)</u>	<u>(861)</u>

Contributions are currently paid at the rate of 25% of pensionable pay.

History of experience gains and losses

	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Difference between the expected and actual return on scheme assets:					
amount (£'000)	239	(383)	-	-	-
percentage of scheme assets	10%	(22%)	-	-	-
Experience gains and losses on scheme liabilities					
amount (£'000)	304	41	-	-	-
percentage of the present value of the scheme liabilities	9%	2%	-	-	-
Total amount recognised in statement of total recognised gains and losses					
amount (£'000)	175	(340)	-	-	-
percentage of the present value of the scheme liabilities	5%	(13%)	-	-	-

**BUPA CARE HOMES (BEDFORDSHIRE) LIMITED**  
**(FORMERLY CARE FIRST BEDFORDSHIRE LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2003**

**17. COMMITMENTS**

**Operating leases**

At 31 December 2003 the Company had annual commitments under non-cancellable operating leases as set out below

	<b>Land and buildings</b>	
	<b>2003</b>	<b>2002</b>
	<b>£'000</b>	<b>£'000</b>
Operating leases which expire:		
Over five years	<u>456</u>	<u>456</u>

**Capital Commitments**

The company had no capital commitments at the end of either year.

**18. CONTINGENT LIABILITIES**

The Company has given a guarantee and other undertakings, as part of the Group banking arrangements in respect of the overdrafts 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.