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BUPA HOLDINGS (JERSEY) LIMITED

(Registered No. 73341)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2001



BUPA HOLDINGS (JERSEY) LIMITED

REPORT OF THE DIRECTORS for the year ended 31 December 2001

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

1. Principal activities

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

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 £47,257 (2000 : £55,045).

Total preference dividends payable for the year amounted to £3,392,179 (2000 : £3,411,375).

4. Directors and directors' interests

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

C G Davies	
J P Davies	
M I Dugdale	(Appointed 01/01/02)
D A Holden	(Resigned 31/12/01)
R King	(Appointed 01/08/01)
E W Lea	(Resigned 13/09/01)
A D Walford	

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

5. Auditors

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 :
22 Grenville Street
St Helier
Jersey
JE4 8PX

14 March 2002

By Order of the Board



A D Walford
Secretary

BUPA HOLDINGS (JERSEY) 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 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.

BUPA HOLDINGS (JERSEY) LIMITED

INDEPENDENT REPORT OF THE AUDITORS

TO THE MEMBERS OF BUPA HOLDINGS (JERSEY) 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 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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
8 Salisbury Square
London, EC4Y 8BB

14 March 2002

BUPA HOLDINGS (JERSEY) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	<i>Note</i>	2001 £	2000 £
Income from investments	4	3,443,218	3,500,380
Administrative expenses		<u>(3,782)</u>	<u>(3,960)</u>
Operating profit on ordinary activities before taxation	5	3,439,436	3,496,420
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
Operating profit on ordinary activities after taxation		3,439,436	3,496,420
Finance cost on non-equity shares		<u>(3,392,179)</u>	<u>(3,441,375)</u>
Retained profit for the financial year		<u>47,257</u>	<u>55,045</u>

The operating profit is all 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.

BUPA HOLDINGS (JERSEY) LIMITED

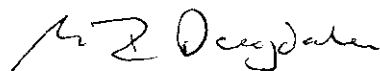
BALANCE SHEET

as at 31 December 2001

	<i>Note</i>	2001 £	2000 £
Fixed assets			
Investments	7	<u>66,129,146</u>	<u>66,078,033</u>
Current assets			
Debtors : amounts falling due within one year	8	1,496,150	1,549,347
Cash at bank and in hand		<u>87,584</u>	<u>89,955</u>
		1,583,734	1,639,302
Creditors : amounts falling due within one year	9	(1,502,012)	(1,553,724)
Net current assets		<u>81,722</u>	<u>85,578</u>
Net assets		<u>66,210,868</u>	<u>66,163,611</u>
Capital and reserves			
Non-equity shareholders' fund			
Called up share capital	10	65,063,926	65,063,926
Equity shareholders' fund			
Called up share capital	10	1,000,000	1,000,000
Profit and loss account	11	146,942	99,685
Shareholders' funds		<u>66,210,868</u>	<u>66,163,611</u>

These financial statements were approved by the Board of Directors on 14 March 2002 and were signed on its behalf by

MI Dugdale



Director

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

BUPA HOLDINGS (JERSEY) LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the year ended 31 December 2001

	2001 £	2000 £
Profit for the financial year	47,257	55,045
	<hr/>	<hr/>
Net addition to shareholders' funds	47,257	55,045
Opening shareholders' funds	66,163,611	66,108,566
	<hr/>	<hr/>
Closing shareholders' funds	<u>66,210,868</u>	<u>66,163,611</u>

BUPA HOLDINGS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

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

As the Company is a wholly owned subsidiary undertaking of The British United Provident Association Limited (BUPA), it has taken advantage of the exemption contained in Financial Reporting Standard No. 8 and has therefore not disclosed separately transactions or balances with entities which form part of the BUPA group of companies.

(b) Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard 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) Investment income

Dividends on equity investments are accounted for on a receivable basis; other investment income is recognised on an accruals basis.

(d) Investments

Investments are included at cost less any provision for impairment in value.

(e) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, (or, if hedged forward, at the rate of exchange under the related forward currency contract). Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

(f) 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. No payment is made for group relief claimed c surrendered.

BUPA HOLDINGS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001 - continued

2. ULTIMATE HOLDING COMPANY

The Company is a wholly owned subsidiary of BUPA Investments Ltd, which is registered in England and Wales. The Company is exempt under section 228 of the Companies Act 1985 from the obligation to prepare group accounts and to deliver them to the Registrar of Companies.

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 is available to the public from The Registrar of Companies, Cardiff, CF4 3UZ.

3. STAFF COSTS AND DIRECTORS' REMUNERATION

a) Employees

The Company had no employees during the year (2000 : nil) and consequently incurred no staff costs.

No remuneration was paid to any of the directors for the year (2000 : nil).

4. INCOME FROM INVESTMENTS

	2001 £	2000 £
Dividend receivable from Group undertakings	3,392,179	3,441,375
Interest receivable	51,039	59,005
	<u>3,443,218</u>	<u>3,500,380</u>

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
<i>Profit on ordinary activities is stated after charging:</i>		
Auditors' remuneration	1,410	1,410
Exchange loss	5	22
Other operating charges	<u>2,367</u>	<u>2,528</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

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 corporation tax charge would otherwise have amounted to £14,177.

BUPA HOLDINGS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001 - continued

7. INVESTMENTS

	2001 £	2000 £
Shares in Group undertakings	65,063,925	65,063,925
Other investments	1,065,221	1,014,108
	<u>66,129,146</u>	<u>66,078,033</u>

Investment in Group undertaking is as follows:

Company	% Held	Class	Place of Incorporation
BUPA Hospitals Limited	100%	Preference	England

8. DEBTORS : amounts falling due within one year :

	2001 £	2000 £
Amounts owed by Group undertakings	<u>1,496,150</u>	<u>1,549,347</u>

9. CREDITORS : amounts falling due within one year :

	2001 £	2000 £
Amounts owed to Group undertakings	1,499,426	1,551,136
Other creditors	2,586	2,588
	<u>1,502,012</u>	<u>1,553,724</u>

10. SHARE CAPITAL

	2001 £	2000 £
Authorised, allotted, called-up and fully paid		
200,000,000 5.81% fixed cumulative preference shares of NZ\$1 each	65,063,926	65,063,926
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<u>66,063,926</u>	<u>66,063,926</u>

BUPA HOLDINGS (JERSEY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2001 - continued

11. RESERVES

	Profit and loss account 2001 £	Profit and loss account 2000 £
As at 1 January	99,685	44,640
Retained profit	<u>47,257</u>	<u>55,045</u>
As at 31 December	<u>146,942</u>	<u>99,685</u>

12. 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.